



Finance Minister Theo Waigel of Germany fending off reporters Sunday as he arrived for emergency ministerial talks in Brussels.

EC Seeks to Loosen Grid To Save Monetary System

By Tom Redburn

European Community leaders faced mounting difficulties as they deliberated into the early hours of Monday on a plan to allow greater currency fluctuations against the Deutsche mark in hopes of fostering lower interest rates to revive growth and end Europe's currency crisis.

Moving dangerously closer to a self-imposed deadline of 2 A.M. in Central Europe — the opening for currency trading in Tokyo — finance ministers and central bankers meeting in Brussels found themselves staring at a possible breakdown of Europe's currency grid if they failed to reach agreement.

Struggling to preserve the exchange-rate mechanism that serves as the central emblem for European unity, officials told news agency reporters that they were nonetheless considering a suspension of the system as a "last resort." That move would effectively end any effort to maintain a semblance of government influence over the volatile markets and bury any hopes of creating a single currency in the foreseeable future. European currencies would be free to float, which would allow traders to set values through supply and demand.

The plan under consideration, Spanish and French officials said, would create wider bands among several of the European currencies with-

Q & A: Unity after the storms? Page 4.

in the exchange-rate mechanism. Crucially, the proposal would include a modification of the central link between the French franc and the mark.

In place of the narrow range of a 2.25 percent fluctuation up or down that now governs the relationship between the mark and most other currencies remaining in the rate mechanism, officials are looking at allowing market changes of at least 6 percent, or perhaps even more, before requiring central banks to intervene to defend currency rates.

The key sticking point, one source said, was whether Germany would pledge to cut interest rates early this autumn to help bolster the efforts of other countries to dig themselves out of recession.

"For the ERM to survive," said Gerard Lyons, chief economist at DKB International in London, "it needs to be more flexible, but also for German interest rates to be lower."

Forced by currency traders who drove the French franc Friday below its permitted floor in the European Monetary System, finance officials and central bankers met in a series of crisis sessions throughout the weekend in a race against the reopening of markets Monday morning. Unless there was coordinated government action, it appeared speculators would be in a position to deliver a final blow to what remained of Europe's fragile currency grid.

Rising tensions between France and Germany, the two central players in the exchange-rate grid, surfaced in a heated debate at Saturday's preliminary session of the Community's monetary committee, which consists of lower-level officials and central bankers.

"Yesterday evening we came close to a real catastrophe," the television station France 2 reported Sunday. "There was a real arm-wrestling match between France and Germany." And the dispute led to further acrimony Sunday in the higher-level talks.

The plan discussed Sunday, in addition to the wider bands, may also include a devaluation of the French franc and some other currencies against the mark to permit interest rates to fall more quickly in much of Europe.

Under the current system, only the weaker Spanish peseta and the Portuguese escudo may fluctuate up to 6 percent. The mark, the French franc, the Belgian-Luxembourg franc, the Dutch guilder and the Danish krone are bound by the tighter limits. The British pound and the Italian lira were forced out of the currency grid last September, during the crisis precipitated by the French referendum on the Maastricht treaty on European union.

After four hours of discussions by finance ministers and top central bankers Sunday afternoon, the talks were adjourned to allow Belgium's finance minister, chairing the meeting, to attend a cabinet meeting on the royal succession after the death of King Baudouin. The session resumed later.

Any measures designed to save the system from collapse will be tested almost immediately this week by currency traders, who are convinced that governments have little choice but to cut interest rates sharply to provide some economic stimulus to recession-bound Western Europe.

The key question Sunday night, analysts said, was whether the added flexibility would be enough to ease the speculative pressure on the French franc and other threatened currencies, such as the Danish krone and the Belgian franc. If the speculative pressure relaxes once the French franc is allowed to fall from its current levels, Paris could find room to reduce borrowing costs independently of Germany's.

A lull in the crisis would also provide extra time for Europe to wait through the summer break for the Bundesbank to relax its grip on its tight monetary policy. This policy has pushed Germany into its worst recession in years as Frankfurt has single-mindedly pursued its

See GRID, Page 9

A Rain of Heavy Blows To the European Dream

Paris and Bonn Face a Harsh Test German Frailty Cripples Unity

By Joseph Fitchett

International Herald Tribune

PARIS — Political hopes of a unified Europe will survive, but the crisis engulfing the French franc should shatter the last lingering assumptions among European leaders that they had invented a conveyor belt capable of smoothly, almost painlessly transforming their nation-states into a single entity.

Staggered by public resistance when they sought to ratify the Maastricht treaty, Europe's leaders, generally proud of their economic expertise, are suffering a new blow as markets buffet their technocratic vision of a single currency.

"The technocratic fix may succeed enough to allow us to maintain the doctrine, but the blueprint for economic unity has been sent back to the drawing board," a French official said.

Even as governments try to maintain the theory of some currency stability, vital to a community of countries trading heavily among themselves, he explained, they have recognized that they will have to rethink their hopes that the Maastricht treaty for economic and political union could be implemented with little more than a more persuasive public relations campaign.

The political fallout of the currency crisis — forcing European leaders to the wall to salvage some semblance of their once-confident economic vision — seems bound to reinforce doubts among voters across Europe about the chances that European unity can improve their prospects against tougher international economic competition.

Concern for public confidence seemed notably absent in governments' handling of the crisis, which has been discussed with hardly any relation to the possible impact on Europe's main preoccupation, soaring job-

By Craig R. Whitney

New York Times Service

BONN — Germany's shoulders, it turns out, are not as broad as either the Germans or their neighbors thought.

Ever since the unification of Germany in 1990, supporters of European unity, Germans most of all, have been telling themselves that Germany would lead the way. Built on the idea of Franco-German reconciliation, this unified Europe would forge a strategic and economic partnership with the United States, with the powerful German economy pulling the rest of Europe to prosperity.

There were fears, of course, that 78 million Germans would dominate their neighbors economically, monopolize trade with the formerly Communist countries and throw their weight around in ways uncomfortably reminiscent of the past.

But if Germany dominates Europe today, it is by its unexpected weaknesses rather than by its strength.

The European Monetary System that was to lead to a common European currency by the end of the decade was in turmoil because Germany's central bank, the Bundesbank, acted in accordance with its national charter instead of meeting European expectations.

Politically, Chancellor Helmut Kohl and his government regard the alliance with France as the political core of European unity. But the Bundesbank, which is legally independent of the government, was, like many other European national institutions, being called upon to bear more weight than it was ever designed to carry.

The crucial overlock came from the Treaty on European Union that was agreed to by the leaders of the 12 nations of the European Community in Maastricht in December

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See GERMANY, Page 4

As Bosnians Argue, Peace Slips Away

By David B. Ottaway

Washington Post Service

GENEVA — President Alija Izetbegovic of Bosnia came under heavy criticism Sunday from the other eight members of his delegation for agreeing to the partition of Bosnia into three ethnically based republics without first consulting them or even his legal advisers.

The controversy within the Bosnian delegation over the agreement has brought to the surface a split between the Muslim president and his non-Muslim and secular colleagues, who fear that Mr. Izetbegovic has essentially accepted the creation of a purely Muslim republic in which they will have no place.

These fears were heightened after word of Mr. Izetbegovic's message to his people on Sarajevo radio Saturday night became known

here. The Muslim president said he had been forced to abandon the idea of an "integral Bosnia-Herzegovina" in order to fight for "a large part of Bosnia for our people." He re-

President Clinton is reported ready to propose a bolder Bosnia strike plan to NATO. Page 2.

ferred repeatedly to his concern for the survival of the "Bosnian Muslim nation."

Mr. Izetbegovic continued to bargain Sunday, the sixth day of negotiations with the Bosnian Serbs' leader, Radovan Karadzic, over the outlines for a Muslim republic in central Bosnia. It now appears that the fate of Sarajevo as an integral part of such a republic has been cast in doubt.

The Serbs, who say they control 72 percent of the country, have presented a plan for the division of Sarajevo into two parts, leaving the Muslims with only the downtown districts. The city would be virtually surrounded by Serb-held suburbs and land, while the Muslims would be required to build a tunnel through an adjacent mountain to reach other Muslim areas.

Diplomatic sources who saw the plan said it appeared to be aimed at the progressive total takeover of the city by the Serbs through suffocation of its Muslim center.

Mr. Izetbegovic said on Sunday that he would continue negotiations on Monday, but that he had warned that he could pull out of the peace talks unless the Serbs halted attacks

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Ghost of Reagan Haunts Clinton Budget Proposal

Mistrust of All Government Persists

By R.W. Apple Jr.

New York Times Service

WASHINGTON — It isn't all Bill Clinton's fault. Not by a long shot.

The president's protracted, messy effort to push his economic program through Congress, still short of success, is viewed in some Washington circles and by many rank-and-file voters as evidence of ineptitude if not incompetence. There is no doubt that the White House has made its share of mistakes in this campaign, on which the very definition of the Clinton administration may turn.

But to understand why it has been so hard for Mr. Clinton to achieve his goals, and why he will achieve only some of them even if Congress, as expected, gives grudging and narrow approval to some kind of budget package this week, one has to look back to the presidency of Ronald Reagan and the political atmosphere he created. It is still with us, and it makes Mr. Clinton look like St. Stephen on a bad day.

Playing on the failures of American government in the 1940s and 1970s, Mr. Reagan successfully argued that government itself was the problem. Most federal programs were bad; taxes were bad; spending was bad.

That notion — a departure from the thinking of other recent American conservatives, such as Richard Nixon, and many conservatives in Europe, where taxes are higher — continues to exert a hold over a broad section of the American electorate.

As a result, politicians are terrified to wear the awful label "tax and spend," however much their constituents need government money for health care or roads.

"We have reached a point when people sense that the time has arrived for another period of at least moderate government activism," a moderate Republican senator said. "There are unmet needs. People want problems solved. But they remain deeply skeptical about the capacity

of any government to do the job, and they want the deficit reduced, too. Now."

In a sense, what Mr. Clinton and the negotiators on Capitol Hill have been trying to do is work their way out of that dilemma. They have been trying to patch together majority support for enough new taxes to give the public enough deficit reduction without cutting existing social services too much, and set up a few pilot programs like the proposed National Service Corps.

The difficulty of Mr. Clinton's task was underscored Sunday when a key Democratic senator said he would vote against the president's

NEWS ANALYSIS

compromise plan. But administration officials said they were still confident that the plan would be approved. (Page 3)

The president has tried to counter "tax and spend" with "fairness" and with a more concerted effort to explain himself. It is not working very well, so the administration finds itself in the unenviable position of a company with an aging product line and inadequate cash flow to finance research and development.

In fact, the agenda that Mr. Clinton is addressing is an enormous one, probably the most ambitious since that of Lyndon B. Johnson.

Senator Ernest F. Hollings Jr. of South Carolina, a conservative Democrat who gives Mr. Clinton mixed reviews on both ideological and operational grounds, nevertheless asserts that "he is aiming higher than anyone we've had in the White House in decades."

He is doing so, furthermore, from a position of basic electoral weakness. Whereas Mr. Johnson won by a landslide in 1964 and benefited from the sense of national crisis created by the assassination of John F. Kennedy, Mr. Clinton

See FAULT, Page 4



Villagers in southern Lebanon checking their car Sunday. It had been buried under debris during the Israeli bombardments last week.

Truce Bolsters Israelis' Hopes for Talks

By Chris Hedges

New York Times Service

JERUSALEM — The U.S.-brokered cease-fire between Israel and pro-Iranian guerrillas in southern Lebanon survived its first day Sunday and buoyed hopes in Israel that Secretary of State Warren M. Christopher could reintroduce the flagging peace talks during his trip to the Middle East this week.

"It's possible to speak of the removal of a very big mine in the middle of the path of the peace process," Foreign Minister Shimon Peres said.

The cease-fire, which went into effect Saturday evening, ended seven days of the fiercest Israeli assault on Lebanon since the 1982 invasion. The attacks, which included aerial and artillery bombardment and assaults by gun-

boats along the Lebanese coast, were launched in retaliation for the killing of seven Israeli soldiers in Israel's self-declared security zone and Katyusha rocket attacks against northern Israeli settlement towns.

The assault, Operation Accountability, displaced 250,000 Lebanese from their homes.

See TRUCE, Page 4

Kiosk

Baudouin's Brother to Succeed Him

BRUSSELS (Reuters) — Belgium's Prince Albert, 59, will succeed to the throne after his brother, King Baudouin, died of a heart attack in Spain, the government said in a statement Sunday.

Baudouin, Europe's longest-reigning monarch, died Saturday at 62 while on vacation.

Prime Minister Jean-Luc Dehaene said: "We must put ourselves behind his constitutional successor, Prince Albert, who is being called to continue his work in the spirit of continuity."

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New Young Star in an Old Role: Hollywood's Madam

By Shawn Hubler and James Bates
Los Angeles Times Service

LOS ANGELES — No wonder California is in the poorhouse. Heidi Fleiss was wrecked after her arrest — they sent three police agencies and two casinos to nail a 115-pound party girl.

And what a ruckus her arrest has raised. She is not an actress, not a director, not even a producer, but she has surely been a player in this town. Since her arrest earlier this summer, her case has captivated the entertainment industry on both coasts and ignited speculation about lists of celebrity clients and heads rolling at studios.

All this because, although formal charges have yet to be filed, the police say that Miss Fleiss, 27, has for the last three years filled the niche of madam to the stars.

Within a week of her arrest, four major producers had called to express their condolences. Eight more producers and entertainment industry executives had friends call on her behalf. Six big-name actors checked in, as did an international financier, a rock producer and a Beverly Hills real estate agent calling on behalf of an Italian who wanted to buy her \$1.6 million home in Benedict Canyon, one of the wealthiest neighborhoods in Los Angeles.

Some called out of friendship. Others, Miss Fleiss said, are concerned that the names in her big black book may come out when she goes to court on Aug. 9.

"A lot of people are nervous," said one well-known producer, adding that "there are a lot of married people in this town."

For as long as there has been a Hollywood madam, there has been a Hollywood madam.

"I have warned her, you cannot mention Johns, not even privately — it ruins careers," sighed Elizabeth (Madam Alex) Adams, who for 20 years was the reigning Beverly Hills madam until her arrest in 1988, and who has known Miss Fleiss for at least five years.

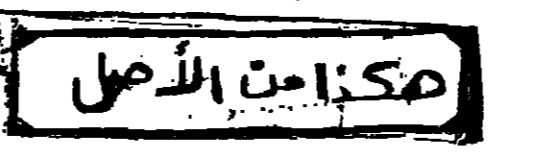
But, from Miss Fleiss's standpoint, the potential for leaks of her client list could be to her benefit.

Two well-known producers have already anted up several thousand dollars apiece toward her legal bills. Meanwhile, two other producers and a screenwriter have inquired about the rights to "The Heidi Fleiss Story."

"It's self-explanatory," said the screenwriter, Matt Tabak, who called Miss Fleiss immediately to offer his help and ask for a 30-day option, minimum \$300,000 on her end.

"How does someone go from being a nice Jewish girl whose father is a doctor to being arrested as an alleged Beverly Hills madam?"

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Clinton Said to Embolden Bosnia Strike Plan for NATO

By Barton Gellman and Thomas W. Lippman

WASHINGTON — President Bill Clinton has decided that Britain and France agree enough in principle with the need for military intervention in Bosnia that the United States will bring such a proposal to a NATO meeting Monday in Brussels, according to a senior defense official.

Mr. Clinton and his top national security advisers have drafted the outlines of a plan to strike at Serbian forces around Sarajevo that are "either shelling the city or contributing to the general strangulation of the city," the official said.

proposal to the 16-member North Atlantic Council on Monday.

The council is the political governing body of the North Atlantic Treaty Organization, which Mr. Clinton wants to lead any intervention in Bosnia-Herzegovina.

The administration's plan, which goes well beyond a previous U.S. commitment to defend UN peacekeeping forces in UN-mandated "safe areas" in Bosnia, is likely to require deployment of additional U.S. military forces to the region, according to officials familiar with the latest planning.

"We'll have to see what the Serbian reaction will be to our initial steps," said one senior official. "If the Serbians just hunker down, we'll have to do more. And if we have to do more, we'll need more assets. If we have to deploy one, two or three more squadrons in there, I wouldn't be surprised."

The Saturday meeting, officials said, did not "get

down into the detailed talking points" to be brought up at the NATO meeting, but Mr. Clinton and his advisers "agreed on the strategy for pushing more than 836," referring to the UN Security Council resolution that authorizes protection of peacekeeping forces. The United States most likely will be represented by Assistant Secretary of State Stephen Oxman and by Regional Coordinator in Bosnia, the special envoy who has been monitoring negotiations in Geneva over the partition of Bosnia.

The agreement to partition Bosnia along ethnic lines accepted by the warring factions could end the fighting, but "we are talking about action, if necessary," to protect the inhabitants of Sarajevo, Bosnia's capital, and other Bosnian communities, one official said. He stressed that anything the United States did would not be unilateral.

In concept, the U.S. plan is to protect Sarajevo and other remaining Muslim strongholds by attacking Serbian artillery positions that fire on Muslim positions

and by striking other Serbian forces that interfere with the transit of relief convoys.

France and Britain, which have long been the strongest opponents of such air strikes, are described by U.S. officials as having agreed to the outlines of the plan. But one official acknowledged that "the devil is in the details."

Among the sticking points is the American government's strong preference for running the operation through NATO's southern commander, U.S. Admiral Jeremy M. Boorda. Referring to the UN peacekeeping force headquartered in Zagreb, Croatia, one official said the United States did not want Admiral Boorda to "have to check" with UN Protection Forces "every time he wants to make a move."

Lieutenant General Jean Cot, the UN commander in the Balkans, is French. He has expressed skepticism about use of air strikes for any reason other than protecting his peacekeeping troops.

WORLD BRIEFS

Nigeria Cancels Its August Election

LAGOS (Reuters) — Nigeria's military president, General Ibrahim Babangida, said Saturday he had given up the idea of a presidential election in August and would install an unelected government to bridge the gap left by his annulment of an election held in June.

He did not say how long the interim administration would last but made clear it would not have full powers. The plan has been urged by General Babangida's two legal political parties, which were created by General Babangida in his long-promised program to restore elected civilian government after a decade of military rule.

But Moshood K. O. Abiola, who is generally believed to have won the June 12 vote, is opposed to the plan, and democracy campaigners plan new protests against delay in the return of elected government.

Major's Tories Skid to Third in Poll

LONDON (Reuters) — Prime Minister John Major's Conservatives have slipped into third place behind Labor and the Liberal Democrats, who crushed them in a by-election last week, according to an opinion poll.

The survey of voter preference for The Sunday Times put the main opposition Labor Party on top with 41 percent, followed by the Liberal Democrats with 28 percent and the Conservatives with 27 percent. It was first time in 11 years that the Conservatives, in power since 1979, have been beaten into third place in polls by the respected Mori institute, although another polling organization recently gave a similar result.

Strike Halts Most India Truck Traffic

NEW DELHI (AP) — More than 1.8 million trucks that carry 90 percent of India's freight were idled Sunday by a strike to demand abolition of two transportation-related taxes.

Police escorts rode Sunday on the few trucks that moved with essential goods such as milk, fuel and medicine. People fearing shortages stocked up on vegetables and other goods.

The truckers' union is seeking the elimination of a \$3 toll on trucks entering eight of India's 25 states. It also wants to end a tax that seven states impose on goods carried by truck.

Seoul Says North to Admit Inspectors

SEOUL (Reuters) — North Korea will admit international nuclear inspectors this week, a South Korean government official said.

The official, who was not identified, was quoted on Sunday in the Dong-A Ilbo newspaper as saying that North Korea had "notified the International Atomic Energy Agency of its intention to let in inspectors this week."

The North, which is suspected of developing nuclear weapons, had previously agreed to discuss safeguards with the agency, but stopped short of promising to admit inspectors. It denies that it is developing nuclear arms.

7 Receive Death Sentence in Algiers

ALGIERS (Reuters) — A special court has sentenced seven Muslim fundamentalists to death, the government newspaper El Moudjahid said Sunday. The sentences bring to about 165 the number condemned to die in 18 months of conflict with Islamic militants. Six men were executed earlier this year.

Six of the accused were tried in their absence for crimes "linked to acts of terrorism," El Moudjahid said. Officials describe fundamentalist militants as "terrorists." The seventh defendant, Mohammed Mokdad, who was arrested last November, pleaded not guilty to charges including conspiracy against state security, setting up an armed group and incitement to murder.

Algeria has been under a state of emergency since Muslim unrest erupted in February 1992 after the government canceled an election in which the fundamentalists had taken a huge lead.

TRAVEL UPDATE

The National Postal Museum has opened in Washington. The new \$15.4 million museum, said to be the largest of its kind in the world, houses a collection of 12 million stamps and 4 million other postal artifacts.

An ordinance went into effect in Rome over the weekend barring traffic on the Via Veneto.

The Tower of Pisa is fractionally straighter than it used to be, for the first time in 800 years, said Michele Jamolkowski, head of a committee supervising efforts to shore it up.

A forest fire swept through parts of Icaria Island off the Turkish coast, killing 12 people and seriously injuring three.

French motorists sweated through a third day of monster traffic jams on main highways Sunday, the start of the August vacation period and the end of the July vacations.

Seven planes and nearly 400 people in Mallorca struggled Sunday to extinguish a day-old fire that has destroyed some 300 hectares of woodland.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: Bahamas, Britain, Burma, Canada, Costa Rica, Guyana, Iceland, Ireland, Jamaica, Macedonia.
- TUESDAY: El Salvador, Equatorial Guinea, Guinea-Bissau, Niger, Thailand.
- WEDNESDAY: Burkina Faso, El Salvador.
- THURSDAY: El Salvador.
- FRIDAY: Bolivia, El Salvador, United Arab Emirates.
- SATURDAY: Colombia.

Sources: J. P. Morgan, Reuters.

Serbs in Croatia Hit 2 Strategic Sites

Compiled by Our Staff From Dispatches

ZAGREB, Croatia — Serbian separatist forces attacked the Croatia-held Maslenica Bay area and the Zadar-Zemunik airport with anti-aircraft guns Sunday, the Croatian Defense Ministry told Zagreb radio.

Neither the Maslenica bridge nor the airport suffered direct hits, Croatian military and Western diplomatic sources said.

The sites are strategic locations in southern Croatia and the heavily populated Dalmatian Coast.

Battlefield reports from central Bosnia, some corroborated by UN peacekeepers, suggested that Muslim-led forces were making a desperate push to seize as much territory as they could while negotiations remained open in Geneva on the partition of Bosnia.

Radio broadcasts carried reports of fighting in a wide triangle of territory north of Sarajevo, from Zvornik on the eastern border with Serbia to Doboj, 100 kilometers (60 miles) northward, and Gorziji Vuk, 100 kilometers southwest.

Sarajevo radio said that Serbian forces had launched an artillery, tank and infantry assault on Muslim positions northwest of Zvornik.

The Bosnian Serbian Army reported that Muslim forces were attacking on all fronts at Vlasenica, Kalesija and Olovo, a triangle of towns 30 kilometers apart, to the west of Zvornik. (AFP, Reuters)

Bonn Holds 6 as Spies Who Reported to Stasi

Reuters

BONN — German authorities have arrested six suspected members of an espionage ring code-named Topaz, the biggest Cold War network of undercover agents inside the North Atlantic defense alliance, the newspaper Bild am Sonntag reported Sunday.

The newspaper said the police detained the suspected agents on Saturday. There was no comment from German officials, but in Brussels a North Atlantic Treaty Organization spokesman confirmed two arrests.

"The matter is now in the hands of the German security and judiciary," he said, declining to give further details.

The newspaper did not report the nationality of those arrested but television reports said they included a high-ranking German NATO official.

The paper quoted one investigator as saying the spy ring represented "the most extensive betrayal of secrets in NATO."

The ring was believed to have transmitted more than 10,000

pages of secret NATO information to the former East Germany's Stasi security police between 1979 and German unification in 1990.

Topaz is believed to have passed on highly sensitive files on troops, weapons and long-term NATO plans.

It was initially believed to consist of only one agent — an elusive mole inside NATO who German authorities have been hunting for well over a year after interrogating his east German Stasi controller.

German security experts are believed to have been frustrated with NATO's long failure to flush out the spy despite information they passed to Brussels, and may even have suspected the spy was a double agent for U.S. intelligence.

They were led to Topaz by the discovery of hundreds of NATO documents in former East German intelligence files that passed into Bonn's hands after German unification in 1990.

Since then, dozens of Western Germans have been uncovered as former spies for East Germany.

Queen Beatrix of The Netherlands said the royal palace would be in official mourning until after Baudouin's funeral.

President François Mitterrand of France, who had a close relationship with Baudouin, was one of the first to send condolences.

Baudouin was born Sept. 7, 1930, near Brussels, the second child of King Leopold III, who abdicated in 1950 amid widespread hostility over his role during World War II. Leopold had been criticized for surrendering Belgium to the Germans after German forces slashed through the country in 1940.

Baudouin was said to have been depressed by the bitter feelings of many Belgians toward King Leopold, for having yielded to the Germans without a fight, and for having married Liliane Baels, a Belgian commoner whose family had German sympathies.

Baudouin's childhood was marked by tragedy — the violent death of his grandfather, King Albert I, in 1934 and his mother's death after a car accident in 1935.

At the start of the German invasion, when he was 9, he was taken briefly to Portugal, then returned to live under guard in the Laeken Palace outside Brussels during the German occupation.

Baudouin, a 6-foot-tall, near-giant aristocrat who once wanted to be a Trappist monk, seemed ill at ease in his royal role and sought to remove the monarchy as much as possible from the rough and tumble of politics.

But in April 1990, he sparked a constitutional crisis when he refused because of his Catholic principles to sign a law legalizing abortion, and abdicated. Belgium remained without a king for 44 hours, until Baudouin was reinstated by a parliamentary vote.

(AP, Reuters)



Patrick de Norment/Reuters

Political Violence Kills at Least 30 in South Africa Township

Residents of the Tembisa township, east of Johannesburg, watching Sunday as bodies were removed after Zulu gunmen went on a weekend rampage that left at least 30 dead. The police said the fighting started when the Zulus, supporters of the Inkatha Freedom Party, began randomly firing at township residents, many of whom back the African National Congress.

Israel, Weighing New Case, Halts Demjanjuk

The Associated Press

JERUSALEM — Israel's Supreme Court delayed John Demjanjuk's deportation by 10 days Sunday, giving the attorney general time to decide whether to reopen an investigation into his Nazi past.

The ruling came just hours before Mr. Demjanjuk, 73, was scheduled to be deported to his native Ukraine, and three days after the court cleared him of a war crimes conviction and death sentence.

The Supreme Court ruled Thursday that there was reasonable doubt about whether Mr. Demjanjuk had been the sadistic guard

known as "Ivan the Terrible" who tortured Jews on their way to the gas chambers at Treblinka death camp in Nazi-occupied Poland during World War II.

But both the ultrarightist Kach movement and a Holocaust survivors' group asked that Mr. Demjanjuk remain in the country to be tried for having worked as a guard at another death camp, Sobibor.

"A restraining order has been issued," Justice Shlomo Levin said from the bench, giving the attorney general 10 days to explain why Mr. Demjanjuk should not be tried for his role at Sobibor.

The new ruling challenged a recommendation from Supreme Court justices Thursday that he be not be tried again.

In the ruling overturning Mr. Demjanjuk's 1988 conviction and death sentence as Ivan, the court found that he had worked for the Nazis in another capacity, but it decided not to sentence him because he had not had a chance to defend himself on those charges.

Uzi Fogelman, a lawyer for Attorney General Yosef Harish, said that the state would submit a brief within 10 days and that until then Mr. Demjanjuk would remain in Israel.

Germany Sets Treblinka Chief Free After 34 Years

Reuters

BONN — Kurt Franz, convicted for his role as commandant of the Treblinka Nazi death camp, was recently released from prison, authorities said.

A spokesman for the Justice Ministry in North Rhine-Westphalia, where Mr. Franz, 79, spent 34 years in prison, said Friday in

response to a query that he had been released "quite a few weeks ago, maybe in May" from a jail in the western town of Renschied.

He was set free under a law that allows a prisoner's release at any time after a minimum 15 years of a life sentence, despite an appeal from state prosecutors who argued his crimes were too severe to justify release.

Mr. Franz, was sentenced to life imprisonment in 1965 at a war-crimes trial in Düsseldorf for his part in the murder of "at least 300,000 people," including 193 with his own hands, in the gas chambers of Treblinka.

About 1 million people were killed in Treblinka, the overwhelming majority of them Jews.

New Italian Certainty: Taxes After Death

The Associated Press

ROME — Most Italians feel as though they are being taxed to death, but now not even the grave brings peace.

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The Health Ministry has issued a regulation that the deceased also are responsible for the yearly health-care levy of 85,000 lire (about \$50) that covers basic care by a family doctor.

"Are they stupid or are they mean?" asked an editorial in the

daily L'Indipendente. Health Minister Maria Pia Garavaglia, who issued the order, said she hoped that family and heirs would pay. She conceded that there was no way to enforce the measure.

Fellow members of the Christian Democratic Party widely criticized

her, and one, Carlo Amedeo Giovannardi, a parliamentary deputy, called the measure "a tasteless joke or a case of ordinary madness."

Newspapers estimated that payments of all those who died in 1993 would bring 30 billion lire into the state's coffers.

mediator, a referee," said Agriculture Minister André Bourgeois as he entered a cabinet meeting to discuss the king's death.

The queen found Baudouin collapsed on his desk. Although a heart specialist was summoned, the king died at 9:30 P.M.

Baudouin had been in poor health since heart surgery in March 1992. He had also had a prostate operation in August 1991 after a cancerous growth was discovered.

His body was to be flown home by the Belgian air force Sunday. The king's brother, Prince Albert of Liege, along with Prime Minister Jean-Luc Dehaene and Justice Minister Melchior Wathelet, went to Mouri.

Although he had no real power, the king was often called upon to exert a moderating influence during crises.

Some observers expressed concern about the effect of his death on Belgium's cohesion, given

the tensions between the French-speaking and Flemish-speaking communities over the past 30 years.

King Juan Carlos I and Queen Sofia of Spain.

'What sad news, just at a moment when we needed him more than ever, as a father figure, a mediator, a referee.'

André Bourgeois,

Agriculture Minister

close friends of the Belgian royal couple's, went to Mouri to pay tribute and accompany Baudouin's body to Granada airport.

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سوق من الامم

STATESIDE / RAGING WATERS

River Rises but Levees Hold as St. Louis Battles Flood

Compiled by Our Staff From Dispatches
ST. LOUIS, Missouri — The Mississippi River bulged Sunday toward a record crest, but an 11-mile levee protecting St. Louis held, even as other embankments to the south, west and north were breached.
 South of the city, divers worked to stabilize huge, highly flammable propane tanks torn loose by earlier floodwaters.
 The 30,000-gallon (114,000-liter) tanks, at a Phillips Pipeline facility in south St. Louis, had been knocked off their moorings by the Mississippi River as it spilled over a levee.
 "There's a big danger," said a St. Louis police sergeant. "If the tanks rupture, the propane would escape and form a cloud that could ignite and explode," he said. "It could create a massive chain reaction."
 The threat forced the evacuation of 700 businesses and homes, many with elderly and disabled residents, in a half-square-mile (1.3-square-kilometer) area where the River Des Peres meets the Mississippi.
 The National Weather Service forecast a new Mis-

issippi crest at 49.7 feet (15.2 meters) on Sunday night or Monday in the area, up from the previous forecast of 49.3 feet.
 But the Army Corps of Engineers warned a crest as high as 51 feet was possible. "It would be prudent to prepare for 50 or 51 feet," said a spokesman Ken Krucinski. "Predicting crest levels is not an exact science. At this stage of the game, with the river as high as it is, it's better to be safe than sorry."
 Another corps official said the levee protecting St. Louis was expected to stand firm against rising currents as it had been "designed for a 52-foot stage," and there was an additional two-foot contingency at the top.
 St. Louis now is the focal point of the two months of flooding in nine Midwestern states that has contributed to 45 deaths and caused an estimated \$10 billion in damage. About 50,000 people in the region have been forced to leave their homes.
 The Mississippi rose to 49.4 feet at St. Louis early on Sunday but receded slightly early in the afternoon after a levee break near Columbia, Illinois, just south

of St. Louis, alleviated some pressure, the National Weather Service said.
 The Columbia breach uprooted barns, sheds, silos and farmhouses.
 Frantic sandbagging efforts were taking place in St. Charles County, Missouri, north and west of St. Louis, which faces the wrath of both the Missouri and Mississippi rivers. Many of its levees have long since been washed away, and areas that previously had stayed dry were flooded on Sunday.
 "There are a lot of levees being overtopped, a lot of new areas being flooded by the Missouri and Mississippi," said a Corps of Engineers official.
 North of St. Louis, the Mississippi burst through a sandbag levee and flooded Central Alton, Illinois, a city of 34,000, police said.
 Central St. Louis and the city's famous Gateway Arch sit on higher ground, safe from the flooding.
 But in the south end of the city, leaks popped all along a four-mile (6.5-kilometer) levee protecting homes on the River Des Peres, ordinarily a narrow drainage channel that feeds the Mississippi.

Water also rose through the sewer system in the River Des Peres area, threatening hundreds of wood-frame tract homes, many of which were flooded during the last crest. Officials went door-to-door Sunday telling people to leave.
 The city's western suburbs came under siege late Friday when water burst through a Missouri River levee in Chesterfield, flooding farmland, hundreds of businesses and the Spirit of St. Louis Airport, a general aviation facility.
 From the air, all that was visible above the murky water at the airport, one of the busiest general aviation airports in the state, were the roofs of some hangars, the tails of aircraft and the control tower.
 Most residents had fled in time. But about 30 people had to be plucked off roofs by boat or helicopter.
 The flooding forced the cancellation Saturday of relief concerts featuring Bob Dylan, John Mellencamp and others. A major highway was closed by high water, and authorities feared 20,000 concert-goers would delay emergency workers by clogging the remaining roads.
 (AP, Reuters, WP)

Key Senator Opposes Budget But Gore Is Confident of Votes in Congress

Compiled by Our Staff From Dispatches
WASHINGTON — A key Democratic senator said Sunday that he would vote against President Bill Clinton's deficit-reduction plan, but administration officials remained confident the plan would be approved.
 Senator David L. Boren of Oklahoma, who had voted in favor of the Senate version of the plan, said in a television interview that he would vote against the latest version as developed by House and Senate negotiators.
 "In conscience I simply must vote against this plan as I see it coming out of the conference committee," he said. "It doesn't keep faith with the taxpayers."
 "We started out talking about twice as many spending cuts as tax increases," he said. "I think if we're going to ask the taxpayers to pay \$250 billion more in taxes, we need to be able to look them in the eye and honestly say we've cut all the spending we can — and I don't think we have."
 But Vice President Al Gore said Sunday that the administration was confident it would get the votes in both houses to pass the bill.
 Lawmakers reported overall agreement late Friday on the main points of a budget plan that is expected to fall short of President Bill

Clinton's \$500 billion deficit-reduction target. Officials said some minor issues remained, but predicted that the final package would be wrapped up in time for votes in the House and Senate this week.
 Administration officials were working throughout the weekend, trying to satisfy demands of on-the-fence Democrats in the struggle to hold together a shaky congressional majority.
 The officials said they were considering scaling back a proposed tax increase on higher-income Social Security recipients to win the support of some Democratic lawmakers.
 All but a handful of issues have been resolved by the budget negotiators, but concluding a deal has been made more difficult by "an utter and absolute lack of discipline on the Democratic side," a Democratic official close to the process said.
 Democratic lawmakers know they have the administration and the congressional leadership over a barrel because of the narrow margins of victory by which earlier versions of the package won approval. The House passed the bill May 27 on a 219 to 213 vote, and the Senate followed June 25 by approving it 50 to 49, with Mr. Gore casting a tie-breaking vote.

Senator Russell D. Feingold, Democrat of Wisconsin, was pushing for a moratorium on the sale and use of a bovine growth hormone that would increase milk production by cows. That issue remained a sticking point between House and Senate negotiators working on the agriculture portion of the huge deficit-reduction bill.
 The hormone is awaiting Food and Drug Administration approval. Senator Feingold said Saturday that use of the substance "would drive Wisconsin dairy farmers off the land" because of overproduction and force the federal government to pay for large new milk surpluses.
 Administration and Senate negotiators, meanwhile, were seeking to persuade Representative Henry A. Waxman, Democrat of California, to go along with the deeper spending cuts in Medicare in return for increased Medicaid funding for undocumented aliens and larger federal matching payments for Puerto Rico and other territories.
 Senator Boren grudgingly voted for the package the first time and hinted last week that he would vote against the compromise. He had been insisting on \$30 billion more in Medicare spending restraints, a spokesman said.
 (UPI, WP)



President Clinton making a point in favor of his budget plan.

An FBI Query On Delay of Note Written by Foster

Compiled by Our Staff From Dispatches
WASHINGTON — The FBI has begun interviewing White House staff members about their handling of a note found in the briefcase of a deputy counsel, Vincent Foster Jr., to determine why they waited 30 hours before turning it over to police investigating Mr. Foster's apparent suicide.
 U.S. News & World Report reported Saturday that the Foster note discussed embarrassment over the firings of White House travel office workers and his distress about critical editorials in The Wall Street Journal. White House officials have characterized the note as the outline of a resignation letter but have not released its contents because Mr. Foster's death July 20 is still being investigated.

Although the note was discovered by an aide to a White House counsel, Bernard Nussbaum, last Monday, it was not handed over to the Park Police until Tuesday evening after a series of high-level debates that ultimately involved Attorney General Janet Reno.
 The delay aroused concerns among investigators that the White House was withholding evidence. But White House officials have said the delay occurred because they wanted to first provide a copy to Mr. Foster's widow.

★ POLITICAL NOTES ★

Perot Flunks Quiz on His Budget Plan

WASHINGTON — Ross Perot, who says Congress should reject President Bill Clinton's economic program in favor of one that would balance the budget, was asked Sunday how he would balance it. He couldn't say.
 Under questioning from a panel of reporters on a television interview show, the Texas businessman responded defensively about the details of his own proposed spending cuts, the gaps in his plan and the impact of his budget on lower-income Americans.
 "Well, if you had told me that you wanted that, I would have come in with a very detailed list and given it to you," Mr. Perot said in answer to a question about how he would achieve the \$141 billion in Medicare and Medicaid cuts his plan calls for.
 He was reminded that he had been asked a similarly detailed question about the health care figures on national television earlier this year. The Texas businessman shot back that the reporters were trying "to do a gotcha" on him and said it was pointless to debate his plan when it was Mr. Clinton's plan that was before Congress. (WP)

Actress to Be Named to Arts Endowment Job

WASHINGTON — President Bill Clinton has decided to name the actress Jane Alexander to head the National Endowment for the Arts, a White House official said. The appointment of Ms. Alexander, 53, will bring to an end what has been reported as a deep conflict within the White House between her supporters and backers of Deborah Sale, a longtime friend of Mr. Clinton's who was an aide in his campaign.
 Unlike previous heads of the arts endowment, Ms. Alexander will start her tenure with a high degree of national recognition. Among her roles has been Eleanor Roosevelt in "Eleanor and Franklin: The White House Years," an acclaimed television program in the 1970s.
 Ms. Alexander's advocates have argued that her distinction as a performing artist would inspire a demoralized constituency of artists and their supporters and that she would present a difficult target for critics of the endowment. The arts endowment and the National Endowment for the Humanities have in recent years been attacked by members of Congress and others who question the federal government's role in cultural affairs, specifically in awarding grants to artists whose work treats sexual and religious subjects in a controversial way. (NYT)

Quote/Unquote

A Republican friend of former Vice President Dan Quayle, on Mr. Quayle's virtual disappearance from the Washington scene and the lack of speculation about whether he will run for president in 1996: "He's in some danger of falling off the end of the Earth." (WP)

Away From Politics

- Part of a federal prison north of Phoenix, Arizona, was destroyed by fire during a four-hour riot by 300 inmates.
- The wheelchair-bound director of a presidential commission for the disabled, Rick Douglas, said he had to drag himself onto a United Express flight at Washington's Dulles International Airport because there was no equipment to lift him on board. An airline spokesman said that because of safety concerns wheelchair-bound passengers are not allowed on United Express commuter planes that have no flight attendant. But the airline eventually permitted him to board.
- Two prisoners in Tallahassee, Florida, have filed a lawsuit demanding that the state separate inmates with AIDS. They say they are afraid of contracting the disease through foul play, unsanitary conditions or rape.
- New York City health officials said an alert over high bacteria levels in drinking water had been lifted in parts of lower Manhattan. But they said the bacteria had reappeared in Manhattan's Chelsea section, forcing city officials, who still do not know the cause of the problem, to continue advising 25,000 residents there to boil their water before drinking. (AP, AFP, NYT, LPI)

Heroin, Ignored for Years, Is Climbing the U.S. Hits List

By Joseph B. Treaster
New York Times Service
NEW YORK — Even with her striking beauty, hardly anyone seemed to notice the young model as she glided through the swarm of heroin dealers and glassy-eyed junkies on a patch of steamy pavement in East Harlem.
 This was not her crowd, but they had what she needed and she had what they had: money. She was one of the new ones, drawn to a high grade of heroin that does not need to be injected with a hypodermic needle but can be inhaled like cocaine without the slightest danger.
 For several years, drug experts and law enforcement officials have

been saying that bumper crops of opium poppies, the raw material for heroin, foreshadowed a resurgence of heroin use. Now, evidence is accumulating in New York and other American cities that the alarming potential is becoming a scary reality.
 "There has unquestionably been a significant increase in the use of heroin in the United States," said Robert C. Bonner, the head of the Drug Enforcement Administration in Washington. "And it appears to be continuing to expand."
 Although officials are unable to quantify the increase in heroin use, police officials, drug researchers and social workers in New York, Chicago, Newark, Detroit, Los An-

geles and San Diego say they are seeing numerous signs of growing availability, heightened use and increased medical problems associated with the drug.
 In many cities, they say, heroin is now being sold in places where only crack and powdered cocaine had been available.
 "People buying crack would say, 'Do you know where I can get some heroin?' and it took off like that," said Anthony Davis, a counselor at the McAlister Institute drug treatment center in San Diego. As a result, many users have become addicted to both drugs, experts say.
 Because of the growing availability of the drug, the purity, or concentration, of the heroin is at an all-

time high, officials said. Thomas F. O'Grady, chief of the heroin investigations section of the Drug Enforcement Administration, said that as recently as 10 years ago, a \$10 bag of heroin consisted mainly of dilutants and contained only 3 percent to 4 percent of the drug. Now, he said, the average purity of heroin in the United States is nearly 25 percent.
 The mix sold in New York is nearly 64 percent heroin, he said, and in Boston, where the nation's purest heroin is being sold, the heroin content is 81 percent. Such pure blends make the drug both more addictive and more dangerous.
 "At high levels of purity, you can snort heroin and get a pretty good

high," said Dr. Robert B. Millman, the director of drug and alcohol abuse programs at the New York Hospital-Payne Whitney Clinic. "But when the purity was 3 or 4 percent, you had to inject the drug to get the desired effect. The needle always scared away some people. Now that barrier is gone."
 But, Dr. Millman said, heroin users immediately begin developing a tolerance for the drug and require larger and larger doses to approximate the original impact. The larger the dose, of course, the greater the cost. As a result, he said, most users reach a point at which they begin the more efficient practice of injecting the drug.
 The thought of a tidal wave of

new heroin injectors terrifies health-care workers, since intravenous-drug users have the highest rate of infection of the virus that causes AIDS. More than half of those in New York are infected.
 Unlike the crack explosion in the 1980s, the new wave of heroin has spread across the country gradually. "Two years ago, if you were using drugs, it was cocaine," said Dr. Lawrence J. Ouellet, a sociologist at the University of Illinois. "Now many of them are using heroin. It's happening little by little."
 Federal officials say heroin has also found its way into smaller cities such as Springfield, Massachusetts, and Milwaukee, where it had previously been a rarity, and has been showing up on college campuses on the East Coast.
 After crippling millions of Americans, cocaine has, for many, become a drugged substance. Heroin, though, seems to be another matter. It has been more than 20 years since President Richard Nixon called it Public Enemy No. 1, and memories are short.

Despite Signs, Quick U.S.-Cuban Thaw Is Unlikely

By Douglas Farah
Washington Post Service
HAVANA — Relations between Cuba's Marxist government and Washington are less hostile than at any time in the past 15 years, with a sharp drop in the verbal feuding that characterized recent years.
 But officials in both countries say the complexity of the problems make dramatic change unlikely soon.
 As President Fidel Castro has been forced to open the island's

economy to foreign investment and tourism to stave off economic collapse, he has openly courted the Clinton administration in the hope of ending the 32-year U.S. economic embargo.
 In a speech last week announcing the most profound economic changes since the 1959 revolution, Mr. Castro said Cuba would have only enough hard currency to import \$1.7 billion in goods this year, compared with \$8 billion in 1989, when assistance from the former

Soviet bloc virtually negated the embargo.
 The Clinton administration has taken several small steps to allay Cuban fears of U.S. intentions toward the island. But the two main issues — the embargo, which the United States estimates has cost the nation \$40 billion, and U.S. criticism of human-rights abuses and lack of political pluralism in Cuba — are not close to resolution.
 Officials and academics who study Cuba said, though, that the

current thaw could lead to a slow but significant improvement in relations in the long term.
 The arrival of a Democrat in the White House was accompanied by a decline in the influence of Miami's hard-line Cuban American National Foundation, which backed Republican candidates and had easy access to presidents for 12 years.
 Speculation was high here that a major policy shift could be under way, fed by Mr. Castro's frequent praise of President Bill Clinton and his economic shift in hopes of staving off economic collapse. But the initial hope has been tempered somewhat, as time has passed.

Since the end of May, the government has allowed four dissidents to leave jail early and permitted a prominent dissident, Elizardo Sánchez, to leave the country on a speaking tour. Cuban officials denied the moves were directly tied to seeking better U.S. relations but said they hoped Mr. Clinton would prove capable of new thinking.
 "It is true there has been a sharp decline in hostile rhetoric, and the Clinton administration has engaged in a more-normal dialogue," said Bismarck Garcia, head of the North America section of the Foreign Ministry. "There has unquestionably been a change from the Reagan and Bush administrations, and we see people in the new administration open to dialogue, not confrontation. But we should not be too optimistic."
 Administration officials said Cuba had been reading too much into U.S. actions.
 "We need to see fundamental changes in Cuba and its approach to human rights, to democracy, to a range of conditions before there can be further discussions of how best to change this relationship," a State Department spokesman, Michael McCurry, said.
 Another U.S. official said the conditions for serious talks would not change soon. "We ain't sinking under the waves," he said. "They are."

In a First, Comet Grounds the Shuttle

By William J. Broad
New York Times Service
NEW YORK — Celestial events rarely influence the course of human history, but a passing comet has forced the U.S. space agency to postpone a planned flight of the space shuttle Discovery. The comet has left an unusually heavy shower of debris in the intended path of the craft, which raises the risk of collision.
 It is the first time that a NASA astronaut mission has been delayed by a meteor shower.
 The Perseids shower is one of the most spectacular sights of the summer sky.
 This year the shower is expected to be exceptionally strong because of the recent passage near the Earth of its source, the comet Swift-Tuttle, a mountain of ice and dirt 6 miles (10 kilometers) wide that sheds debris as it travels. On the nights of Aug. 11 and 12, the shower is expected to reach a once-in-a-lifetime peak in which the night sky comes alive with dozens of flashes of light every minute.
 Pondering all this, belatedly perhaps, the National Aeronautics and Space Administration announced that it would postpone yet again the star-crossed mission of Discovery, which had been scheduled to blast off Wednesday on a nine-day flight that would have left it vulnerable in space.

The space agency said the shower was expected to be extremely heavy, "increasing the chances that a spacecraft in Earth orbit could be damaged by a piece of the debris."
 Although the risk of a space collision is considered small, NASA officials say the increased odds are too great to ignore.
 So the shuttle mission, twice delayed by technical problems, will be postponed until Aug. 12, when the shower will have passed its peak.
 Shuttles often fly through meteor showers, and normally take little note of them. Usually they are relatively small, and the risks they present are far smaller than those posed by the man-made debris that circles the Earth.
 Experts say exploded satellites and discarded rockets have created about 30,000 pieces of space junk. Although most pieces are about the size of an aspirin tablet, they move so fast that the force of an impact on a spacecraft could equal that of a small bomb.
 The comet Swift-Tuttle is in an orbit that repeats itself every 130 years or so, all the while creating a river of particles in its wake. As Earth passes through this river each year, the sky is filled with flashes of light when the pieces burn up in the atmosphere.

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Liberal Democrats Vow Cooperation

Party Chief Supports Reform But Cites Coalition's Fragility

Compiled by Our Staff From Dispatches
TOKYO — The new head of the Liberal Democratic Party, which is set to assume an opposition role for the first time in nearly four decades, said Sunday he would help the new government push through reform measures.

Regarding specific policies such as political reform, we are ready to cooperate with the coalition government," said Yoshi Kono, the party's new president.

A majority coalition headed by Morihiro Hosokawa seems bound to come to power on Thursday when the parliament convenes, and Mr. Hosokawa is expected to be elected prime minister. It will be the first non-Liberal Democratic government in Japan in 38 years.

Mr. Kono said in a television interview that the Liberal Democrats, faced with the unfamiliar opposition role, would support the plans of the seven-party coalition to streamline the electoral system and make political campaigns less expensive.

The two sides have basically agreed to replace the multi-seat electoral system with single-seat constituencies, combined with a proportional representation system.

Mr. Kono said his biggest concern regarding the projected new government were its fragile nature and difficulties in fiscal affairs.

"We can attack the new government viciously, but we won't do that," he said. "It is very fragile and we must be ready to take back the reins of government as soon as it breaks up."

Mr. Hosokawa left Sunday for his summer retreat in Karuizawa, north of Tokyo, to contemplate ways to keep a balance among the parties in his new cabinet.

"The biggest issue is how to keep stability in the new government," Mr. Hosokawa said.

He refused to discuss candidates for major cabinet posts, but Japanese newspapers said that Tsutomu Hata, the leader of the Liberal Democratic rebels who set up the Japan Renewal Party, would be named deputy prime minister and finance minister.

Masayoshi Takemura, an ally of Mr. Hosokawa and the leader of the New Harbinger Party, a second group of Liberal Democratic defectors, was expected to be named chief cabinet secretary. He would be responsible for coordinating policy among cabinet members and would also act as top government spokesman.

Keigo Ouchi, chairman of the Democratic Socialist Party, one of the seven coalition members, said Sunday that the new government might be a caretaker administration.

"It should make an appeal to the confidence of the people after settling major problems now facing Japan," Mr. Ouchi said in a television interview. (Reuters, AFP)

A New Japan? A Crafty Politician Offers a Blueprint

By David E. Sanger
New York Times Staff

TOKYO — Japan has always had prime ministers, and always had a small clique of other politicians who really ran the country. Not surprisingly, for all the tumult over reform and change here in the last week, some things have stayed much the same.

So while the capital was immersed in one of the most remarkable power scrambles this nation has seen since 1945, Japanese flocked to the bookstores to snap up the latest book explaining the future of their country.

But "Blueprints for Building a New Japan" was not written by Morihiro Hosokawa, the renegade populist about to become the country's first prime minister from outside the Liberal Democratic Party since 1955. The author is Ichiro Ozawa, the crafty, conservative politician whose strategy brought Mr. Hosokawa to power.

It is Mr. Ozawa whose name, now more than ever, strikes fear among his old colleagues in the former governing party, and whose book soared to the top of the best-seller lists with sales so far of a quarter of a million copies.

"What must Japan do to become an 'international nation'?" Mr. Ozawa asks in the book. "The answer is not especially complicated. Japan must become a 'normal nation.'"

"The first requirement of a 'normal nation' is that it willingly accept those roles and missions that international society expects it to shoulder," the book continues. "Japan should not insist on practices that are accepted only within Japanese society. Nor must it begrudge taking action, or blame 'international pressure,' for the decision to shoulder what are politically difficult responsibilities."

While in the West the ouster of the old ruling camp may seem like a miniature revolution, in Tokyo it is regarded as one of Mr. Ozawa's opening chess moves, the first in a careful strategy to reshape the political landscape.

As usual, the 51-year-old Mr. Ozawa is saying very little. And the silence has only heightened the mystery surrounding his endgame.

So far, no one is suggesting that the independent-minded Mr. Hosokawa, whose relations with Mr. Ozawa are said to be strained, will be a puppet prime minister. They have worked together before; both grew up in the Tanaka faction of the Liberal Democratic Party, run by the prime minister who was

disgraced in party's first giant influence-peddling case, the Lockheed scandal of the 1970s.

A former governor with an upright image and much to say about what is wrong with the directions in which Japan has veered in recent years, Mr. Hosokawa gives the new coalition an air of cleanliness. That is something it badly needs, because so many of its leading members — especially Mr. Ozawa himself — have such close ties to corrupt leaders of the ousted party.

But Mr. Hosokawa cannot survive without Mr. Ozawa and his partner, the former finance minister, Tsutomu Hata. They hold deep connections to the bureaucracy and the business world, both of which are likely to have their knives out for the new prime minister.

And while Mr. Hosokawa's party has captured the public's attention with its high-minded talk of deregulation and improving the lot of ordinary workers, it was the Ozawa-Hata alliance that exploited the blind spots of the aging Liberal Democratic Party and shattered its hold on power.

"For the past two months, he has consistently run circles around the LDP," a politician with no love but grudging admiration for Mr. Ozawa said. "He under-

stands how to catch the wave of a public mood and turn it to his purposes."

Now, the key element of catching that wave was restraining the temptation to give the prime minister-ship to Mr. Hata, the public face of the Japan Renewal Party.

"In the Japanese circumstances, it is definitely Hata and Ozawa who are the more powerful, so Hata would have been the choice," said Hajime Ishii, who defected from the Liberal Democrats with the two men last month.

But to establish a coalition with enough votes to oust the Liberal Democrats, they needed Mr. Hosokawa. And because of their links to the corrupt old regime — where Mr. Ozawa was the chief lieutenant of Shin Kanemaru, the former power broker who symbolized the old party's greed and influence-peddling — both men needed to make a public display of *kejime*, which roughly translates as drawing a line between old and new.

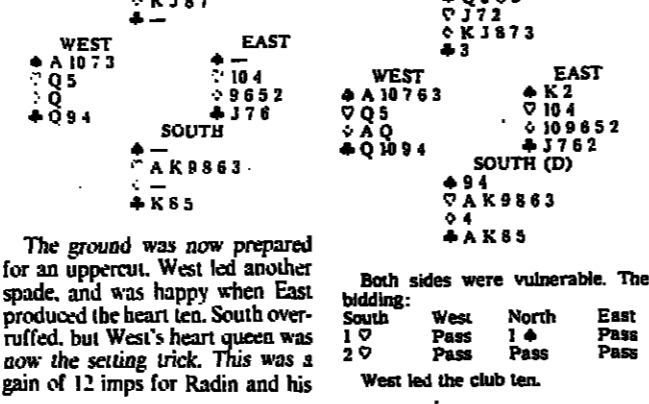
"Mr. Hosokawa was not chosen," Mr. Ishii said. "He was just there. For the times, he was the most suitable person." For Mr. Hata and Mr. Ozawa, Mr. Ishii said, "giving up the prime minister-ship this time, well, this is good *kejime*."

BRIDGE

By Alan Truscott

ON THE diagramed deal, in four hearts. South won the opening club lead with the ace and led his singleton diamond. West put up the ace and noted that his partner played the ten. He diagnosed this as a suit-preference signal for spades, and accordingly underled his ace.

East won the king and returned the suit, reaching his position when West took the ace:

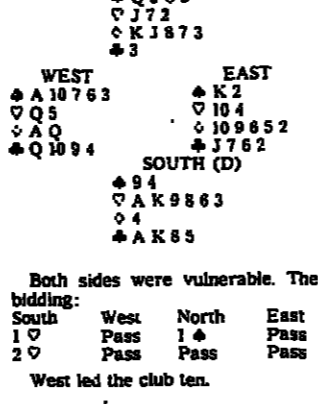


The ground was now prepared for an uppercut. West led another spade, and was happy when East produced the heart ten. South over-ruffed, but West's heart queen was now the setting trick. This was a gain of 12 imps for Radin and his

teammates, for in the replay East-West had the same opportunity but did not take advantage of it.

It is clear that South would have made his contract if he had immediately drawn trumps and led a diamond or, better, a spade. It is less clear that his actual play was wrong. The layout was unlucky for him, and the diamond play could have been right with a different line of the defenders' cards. Playing trumps immediately would often result in a three-trick defeat.

Both sides were vulnerable. The bidding: South 1♣, West 1♦, North 1♥, East 2♥, South 2♠, West 2♠, North 3♥, East 3♥, South 4♥.



West led the club ten.

BOOKS

WHAT THEY'RE READING

EPSTEIN: Artist Against the Establishment

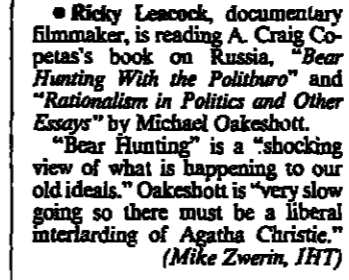
By Stephen Gardiner. 532 pages. \$35. Viking.

Reviewed by Samuel Hynes

NEXT time you are in London, walk east along the Strand to Agar Street. There, high on a building on the northeast corner, you will see carved figures, battered and defaced like the sculptures on some ruined Greek temple, the ghosts of statues. Walk west through Hyde Park, just north of the Serpentine, and you'll see a carved stone memorial to W.H. Hudson. If you could get close enough (you can't, there's a fence) you might see specks of paint and tar still clinging to the figure of Rima, the bird-girl. Go to Westminster and stand outside the London Underground building in Broadway, and look up at the sculpture above the east door; you will see peck marks in the stone that look like bullet holes.

These sculptural scars are not the ravages of war or weather or accident; they are vestiges, from the years between the wars, of some of the ways in which Jacob Epstein's detractors expressed their views of England's most gifted sculptor.

Why were they so violently hostile? Were the statues too naked? They're no more naked than figures on the Elgin marbles. Were they too avant-garde? No more so than the Henry Moore figures on the same building, which were not vandalized. No, it must have been the sculptor they were after, for being too much himself.



Mike Zwerin, JHT

Epstein was born on the Lower East Side of Manhattan, the son of a Polish Jewish immigrant, and had studied in Paris before he chose — for no clear reason — to settle in London. He became a British citizen, but his adopted countrymen never quite got used to him. Though his work was traditional, his traditions were not familiar English ones: there were African influences in his carvings, and critics called other pieces "Asiatic" and "Indo-Chinese." No artist working in England was less English.

The years between the wars were a time of anti-Semitism in England as in the rest of Europe. Certainly Epstein suffered much abuse from British fascists — swastikas were painted on his house, and the fascist press attacked him mercilessly. But there was more than anti-Semitism in the hostility he attracted; he was a suspicious, belligerent, self-centered man, and as he pursued his own way through life he trod on the toes of English propriety. He had mistresses, and his mistresses had his children; he tried to avoid World War I, and once he was

called up he deserted; he despised the Royal Academy and ridiculed conservative artists. And the Establishment got even, as it does. If you put these particulars together, concentrating on the acts of vandalism, the Bohemian behavior and the critical attacks, you have a conventional romantic story of an artist-martyr at odds with society. But you don't have the whole story of Epstein's career. There is another tale that begins with the 25-year-old sculptor arriving in London in 1905, penniless and unknown. In two years he wins a major commission, he begins to exhibit and sell his work, he acquires patrons and admirers; eventually he settles in London in Hyde Park Gate, across the street from Winston Churchill. His portrait busts become as fashionable as Sargent portraits a generation earlier; everyone wants to be modeled by Epstein. At Blackpool people queue to see and be shocked by his massive "Adam." Newspapers report his opinions and review his shows. This Epstein is knighted, given an Oxford degree, lives to see his work placed in Westminster Ab-

bey, Parliament Square and the Tate Gallery. When he dies, his memorial service is held in Saint Paul's.

Stephen Gardiner's biography of Epstein contains the details of both stories, but his subtitle tells which one he will promote: his line is the "Artist Against the Establishment." To keep that line intact he will do violence to characters and careers and will misinterpret obvious details in Epstein's life. Epstein was in many ways an unattractive man, grasping and impatient with generous patrons, slow to complete work but quick to demand payment, suspicious to the point of paranoia, cruelly insensitive in his treatment of the many women in his life. He was sometimes a good sculptor and sometimes a bad one, and he was the same as a man. But Gardiner won't have it so, not even when the actions he describes contradict his approving interpretations.

Epstein was an unusual artist in two ways: in the century of Cubism and Abstraction he remained unwaveringly representational, and in a time of specialization he made distinguished works of art both as a carver and as a modeler.

All his life, even when he was Sir Jacob, Epstein remained an outsider. But all those groups to which he didn't quite belong — Christians, believing Jews, Englishmen, the artistic Establishment — owe him a great debt, for continuing to be himself. So do we all.

Samuel Hynes, whose books include "The Edwardian Turn of Mind" and the recent "A War Imagined: The First World War and English Culture," wrote this for The Washington Post.

Alfred Manessier Dies, French Abstract Artist

Compiled by Our Staff From Dispatches
Alfred Manessier, 81, one of France's leading abstract artists, died Sunday in Orleans, four days after being severely injured in an automobile accident.

After early Cubist and Surrealist periods, he turned to abstract works of religious inspiration after living for a time during World War II in a Trappist monastery.

He achieved international recognition in the 1950s as the author of modern stained-glass windows in cathedrals in Essen and Berlin, as well as tapestries, including ones for the foyer of the Maison de la Radio in Paris and the French Embassy in Washington.

Born into a merchant family in the north of France in 1911, he grew up in Abbeville and studied architecture until his father's death in 1936 allowed him to explore his passion for painting. (AP, Reuters)

Representative Paul B. Henry of Michigan, whose hard work and moderate views made him a star in the Republican Party, died Saturday in Grand Rapids of brain cancer. He was 51.

Dan Dowling, 87, a longtime political cartoonist for the New York Herald Tribune and other newspapers, died Tuesday of congestive heart failure in Monterey, California.

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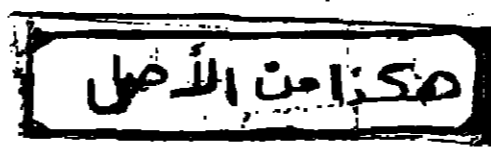
Imagine yourself, for example, touring the wilds of the Burmese border atop an elephant or smoothing the rough spots out of your game with special lessons at a prestigious golf school.

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Herald INTERNATIONAL Tribune

No Imperial Relapse

Two years ago, Moscow lost an empire, stranding 25 million ethnic Russians in newly independent republics. Now nationalist opponents of Boris Yeltsin's government, and factions in its demoralized and fragmented armed forces, are dreaming of a new Russian empire. And they are not just dreaming. Some Russian military commanders posted in the new republics have begun to act.

given the problem the priority it deserves. If the nationalists managed to steer Europe's largest state, with the Continent's largest military and largest nuclear arsenal, onto an expansionist course, the international security outlook would be transformed overnight.

Progress for Japanese

Democracy is alive and well in Japan. It is only a first step, of course, but the millions of Japanese who voted two weeks ago for an end to the corrupt "money politics" of the long-ruling Liberal Democratic Party are about to get their reward.

President Bill Clinton might call for advice. The coalition platform talks about issues from economic stimulus to foreign policy. But its main focus will be political reform — crafting a new and more representative electoral system and enacting tight campaign finance restrictions.

Killing Homeless Children

No part of the world is immune to violence. From armed conflicts in the Middle East to ethnic bloodbaths in Bosnia and South Africa to the rising gun- and drug-related death tolls in American cities, people are being killed on a sickening scale.

Affairs cities Guatemala as another danger spot. But just as some children are being persecuted, a few are being offered more than a future of delinquency, jail or death. In the Brazilian city of Salvador, an effort is being made to reclaim some of the 6,000 children who are on the streets each day.

Other Comment

Do It the Frankfurt Way In spite of the burden of unification that runs into the billions, the mark is doing well. And the English as well as the French press knocks the Bundesbank for its tough savings and stability policy.

The 'Europe' They Clothed Wasn't There

By Brian Beedham

LONDON — It was time somebody said to them: Please, rub your eyes, look again; stop pretending to see something you cannot see; it does not exist, it is not there.

The unity that eludes Europe in the realm of money is even more impossible when it comes to politics, because political union depends even more on a sense of shared identity. Nothing shows this more clearly than Europe's disaster in ex-Yugoslavia.

ing that he had, by saying they saw a "Europe" that was not there, the old men of Maastricht had done grave damage to the real Europe, and maybe to the whole world.

Japan May Change, but Don't Hold Your Breath

By James Fallows

WASHINGTON — By the time an ill George Bush collapsed into Kiichi Miyazawa's lap in Tokyo 18 months ago, it was easy to imagine that President Bush and his Republican government might be out of power soon.

Washington could use this moment to rethink ways of maximizing American interests in Asia.

Turn the War Criminals Into Pariahs

By Stephen S. Rosenfeld

WASHINGTON — It is the right moment to be reminded by the human rights watchdog at Helsinki Watch that the United Nations has perhaps a bit of mischievous to follow through now that losers and winners are talking about a settlement.

and marched over the border. A third of Croatia had been seized, and the rest of the disaster was inexorably unfolding, before the Croats belatedly got the Community's recognition.

International Herald Tribune

Yes, Beijing Should Get The Games

By Jonathan Kolatch

WASHINGTON — The International Olympic Committee will meet in Monte Carlo next month to decide which of six cities will host the Summer Olympics of 2000. Beijing and Sydney are leading candidates.

International Herald Tribune

roads against the Liberal Democrats. It could be many years before a strong elected leadership can get the upper hand on the bureaucrats. The trick for the outside world is to keep two time scales in mind at once.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Argentine Crisis

PARIS — South America cannot get rid of its crises and its revolutions. Now the Argentine Republic is once more in the throes of a revolution.

1918: Bitter Fighting

WITH THE AMERICAN ARMIES — American troops continued to advance today [August 1] in the face of the bitterest opposition from Prussians and Bavarians.

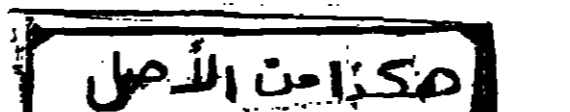
1943: Oil Fields Hit

CAIRO — [From our New York edition:] Nearly 200 Liberator bombers of the American 9th Air Force, based in the Middle East, dropped 300 tons of high explosives on the important oil refineries at Ploesti, Rumania, in broad daylight today [Aug. 1].

1943: Oil Fields Hit

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International Herald Tribune contact information, including address, phone numbers, and subscription details.



CAPITAL MARKETS

Ecu Bonds Could Benefit As a Medium-Term Haven

By Tim Farrand
REUTERS
LONDON — Ecu bonds stand to lose out against most European debt investments in the short term from a collapse of the European Monetary System's exchange rate mechanism, analysts said, but they could later benefit from the currency's safe-haven status.

Mr. Tyley said he expected Ecu bonds to rebound from their current levels to outperform French government bonds by around one percentage point of yield within the next month.

Under the terms of the Maastricht treaty on European economic and monetary union, nations of the European Community envisioned the adoption of a single currency by the end of the decade.

One of the Maastricht requirements is that the national currency must not have been devalued in the previous two years.

Hong Kong Plans Sale Of OTB To Guoco

Bloomberg Business News
HONG KONG — The Hong Kong government said Sunday that it signed an agreement to sell Overseas Trust Bank to Guoco Group Ltd., an investment company listed in Hong Kong.

Guoco, which is controlled by Hong Leong Co. of Malaysia, is to pay the adjusted net asset value of OTB plus a premium of 420 million Hong Kong dollars (\$54.2 million).

When the government said last month that it had reached an agreement in principle to sell OTB to Guoco, analysts estimated the final price would be between 4.5 and 4.8 billion Hong Kong dollars.

OTB, a commercial bank which was rescued by the government in 1985, has 48 branches.

U.S. Weighs New Microsoft Inquiry

By John Markoff
New York Times Service
NEW YORK — The U.S. Justice Department is exploring whether it should investigate Microsoft Corp. for antitrust violations.

Computer industry executives said the FTC staff has focused on a number of issues in the \$1 billion-plus market for personal computer operating systems.

Microsoft has focused on a number of issues in the \$1 billion-plus market for personal computer operating systems.

China Reins In Tax Breaks for Foreign Ventures

Compiled by Our Staff From Dispatches
BEIJING — Foreign-funded enterprises in China have to re-register beginning Sunday as part of the central government's moves to nullify local tax breaks granted to foreign investors.

Even before the crackdown, tax revenue from foreign-funded enterprises jumped in the first six months of 1993 by 66 percent, to 8.1 billion yuan (\$1.41 billion).

Mr. Dong said China's tax revenue from foreign-funded ventures has expanded between 40 percent and 50 percent a year in the past few years.

THE TRIB INDEX
International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News.

Tokyo Notebook

NHK News Bores Even More Deeply

To Western eyes accustomed to MTV and other highly visual broadcasts, the presentation of news at NHK, Japan's seripublic broadcaster, has long seemed plodding and pedantic.

The trigger, said Dinyar Devitre, chief executive officer of Philip Morris KK, was a Japanese in 1989 to tailor Marlboro's taste to Japan by adding a charcoal filter.

Marlboro Gain Un-Occidental

Few, if any, Japanese can come close to pronouncing it — too many R's and L's. But Marlboro, the world's most popular cigarette, is riding tall in Japan, although its market share remains a fraction of that in most other nations.

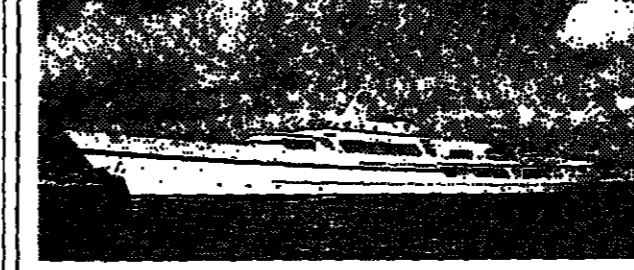
An important area is training executives to be more competent international managers. Many who are fluent in English nonetheless get falling marks in their ability to communicate in clear and direct manner.

European Bank Finds East's Output Sinking

Agence France-Press
LONDON — With two years of recession already behind it, output in Eastern Europe fell in the first quarter of 1993, the European Bank for Reconstruction and Development said in its quarterly report, to be released Monday.

The bank said the worst-than-expected deterioration in trade between the Czech and Slovak republics would harm both countries, undermining that Bratislava would suffer more from the stoppage of tax transfers.

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CURRENCY RATES

Table with columns for Currency, Par \$, and Date. Includes sections for Cross Rates and Forward Rates.

BusinessWeek
This week's topics:
- Global Passion For Dollars
- Good News From The Ruble Mess
- Who Won The 1992 Patent Race
- China's Boom Hits Wuhan
- IBM's Boss Wants No Vision

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Hyundai Heavy Reverses Lockout Talks to Resume, 2 Other Unions Reject Accords

SEOUL — Management at South Korea's Hyundai Heavy Industries Co., the shipbuilding unit of the Hyundai group, has dropped its plan to lock out 18,000 striking workers.

Mr. Dong said China's tax revenue from foreign-funded ventures has expanded between 40 percent and 50 percent a year in the past few years.

New leadership in Japan
Currency tensions in the EC
A push for peace in Bosnia
Renewed terrorism in Italy
China's export drive

Subscription form for International Herald Tribune, including fields for name, address, and payment details.

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London. Tel: 322 40 00. Prices may vary according to market conditions and other factors. July 30

Dollar Straights

Con. Mat. Price Yld. Bid. Ask

Governments/Su- prationals

Table of government and supranational bond prices, including US Treasury bills and notes, and international government bonds.

Table of Dollar Zeros, listing various zero-coupon bonds and their prices.

Table of Banks & Finance, listing bonds issued by various financial institutions.

Table of Global Corporates, listing bonds issued by various multinational corporations.

Dollar Zeros

Table of Dollar Zeros, listing various zero-coupon bonds and their prices.

Floating Rate Notes

Issuer. Price. Ctl. Con.

Canadian Dollars

Ctl. Local. Price. Yld. Bid. Ask

Deutsche Marks

Table of Deutsche Marks, listing bonds denominated in German marks.

Table of Euro bonds, listing various bonds denominated in Euros.

Ecus

Table of Ecus, listing bonds denominated in ECU.

Pounds

Table of Pounds, listing bonds denominated in British pounds.

Yen

Bid. Ask

Table of Yen, listing bonds denominated in Japanese Yen.

Dollars

Table of Dollars, listing various bonds denominated in US Dollars.

Table of Euro bonds, listing various bonds denominated in Euros.

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Bid. Ask

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Yen

Bid. Ask

Table of Yen, listing bonds denominated in Japanese Yen.

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Table of Pounds, listing bonds denominated in British pounds.

Yen

Bid. Ask

Table of Yen, listing bonds denominated in Japanese Yen.

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Table of Dollars, listing various bonds denominated in US Dollars.

Table of Euro bonds, listing various bonds denominated in Euros.

Ecus

Table of Ecus, listing bonds denominated in ECU.

Pounds

Table of Pounds, listing bonds denominated in British pounds.

Yen

Bid. Ask

Table of Yen, listing bonds denominated in Japanese Yen.

Dollars

Table of Dollars, listing various bonds denominated in US Dollars.

Table of Mutual Funds, listing various investment funds and their performance.

MUTUAL FUNDS

Figures as of close of trading Friday, July 30.

Table of Mutual Funds, listing various investment funds and their performance.

Table of Mutual Funds, listing various investment funds and their performance.

CURRENCY CRISIS / SALVAGING THE SYSTEM

GRID: EC Leaders Discuss Wider Foreign-Exchange Bands in Effort to Keep Unity Alive

Continued from Page 1. Squeeze on inflation, in an effort to limit the effects of massive spending on East German reconstruction...

Brown, chief economist at Mitsubishi Finance International in London. "What looks like a big step backwards may ultimately end up being the only way forward again."

would be a devastating political setback. Germany is in a more ambiguous position. There are powerful forces in the country that oppose any rush to European economic and monetary union.

calling for the mechanism to provide "more flexibility" so that other nations would not be so harmed by Germany's high interest rates.

Similarly, Henning Christophersen, the Community's economic affairs commissioner, said that officials hoped to do whatever they could to prevent the destruction of Europe's currency grid.

What Was on the Table

- BRUSSELS—EC finance ministers and central bankers were reportedly discussing six options Sunday to try to resolve the currency crisis: 1. Widen trading margins, or bands, for all the currencies to allow more flexibility...

The Week Ahead: World Economic Calendar, Aug. 2-6

Table with columns for Date, Event, and Location. Includes entries for Asia (Aug 2 Tokyo Domestic vehicle sales), Europe (Aug 2 Business Week), and Americas (Aug 2 Washington National Association of Purchasing Management).

Japan Reported Set to Intervene On Rising Yen

TOKYO—The Bank of Japan will intervene in the foreign-exchange market if the yen moves higher following the European monetary crisis, the Nihon Keizai Shimbun reported on Sunday.

Good Signs for U.S. Bonds But European Turmoil Raises a Caution Flag

NEW YORK—Treasury securities stand to gain further ground this week as a result of U.S. economic weakness, but some economists warn that European monetary politics and American budget politics could get in the way.

New International Bond Issues

Table with columns for Issuer, Amount, Maturity, Coupon, Price, and Terms. Lists various international bond issues from Credit Suisse, Goldman Sachs, Gota Bank, etc.

Times of London Tries Cutting Price in Kent

LONDON—The Times said on Sunday that it was cutting its price by 15 pence (22 U.S. cents) to some readers in southern England in an experiment aimed at stimulating readership.

Bethlehem Steel and Union Agree on 6-Year Contract

PITTSBURGH—Bethlehem Steel Corp. and the United Steelworkers of America said on Sunday they had agreed on a tentative six-year labor contract, diminishing the threat of a strike at the second-largest U.S. steelmaker.

Purchase of Airbus Jets Deferred by Philippines

MANILA—Philippine Airlines said Sunday it had deferred the planned purchase of five Airbus A340-200 jumbo jets for \$561 million to avoid the problem of overcapacity.

Euromarkets At a Glance

Table showing Euromarkets at a glance, including Eurobond Yields, Weekly Sales, and Labor Rates for various countries and currencies.

Last Week's Markets

Table showing Last Week's Markets, including Stock Indexes (DJ, NYSE, FTSE) and Money Rates (Discount Rate, Prime Rate, Federal Funds Rate).

Advertisement for Hotel Raphael Munich, featuring the text 'Our impressive renovation is complete. We can't wait to show you the results.' and contact information.

MUTUAL FUNDS Continued

Table of mutual fund performance data including fund names, categories, and various performance metrics.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, July 30.

Table of OTC Consolidated trading data for various stocks, including high, low, and close prices.

Main table of stock market data with multiple columns for stock symbols, prices, and other market indicators.



ATIONAL M

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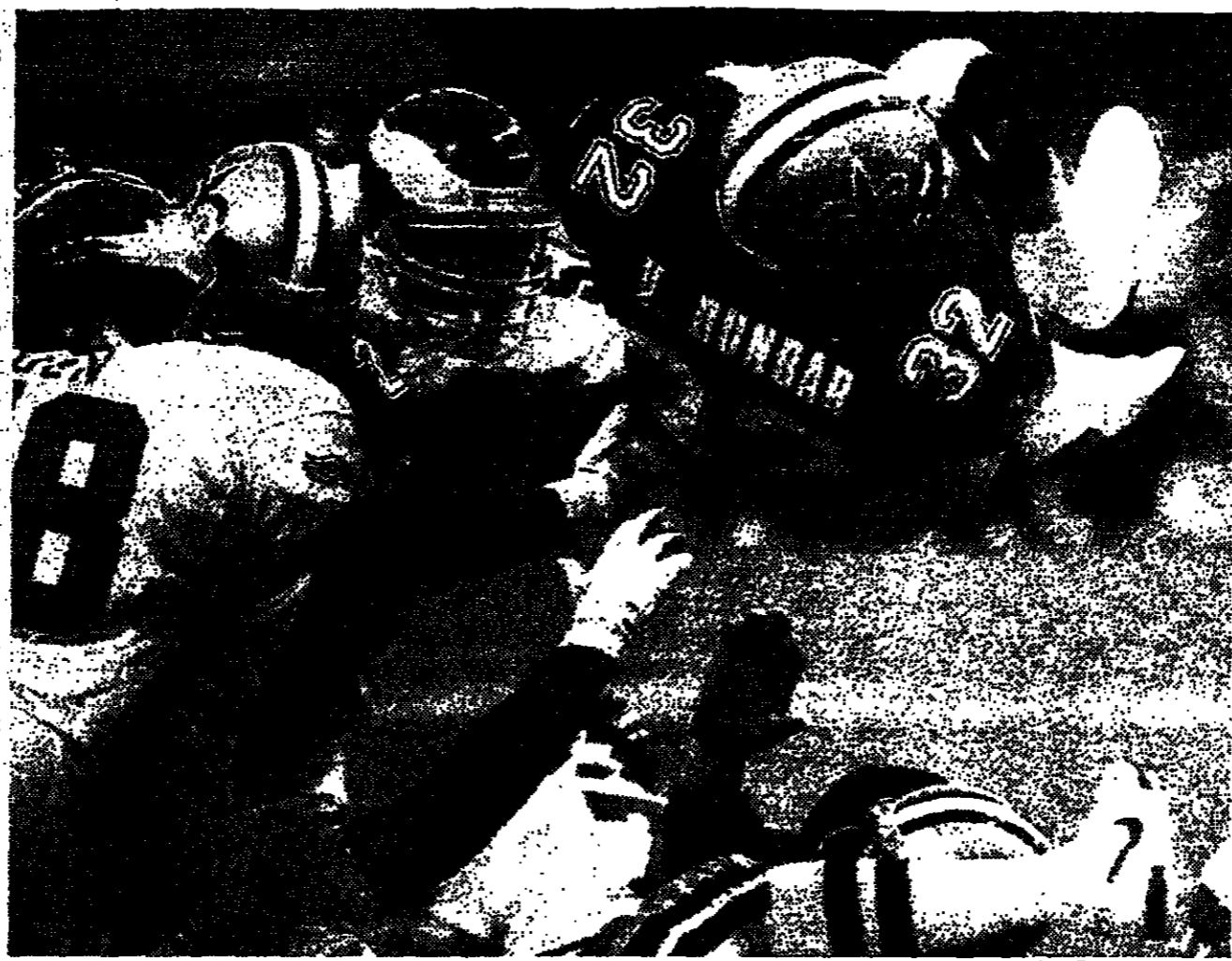
MONDAY SPORTS GOLF

Mansell Blisters To Indy-Car Victory

The Associated Press BROOKLYN, Michigan — Nigel Mansell won his first 500-mile Indy car race Sunday, taking the lead for good just past the halfway point...

Tapie Alibi Finds Support In Marseille Soccer Case

Compiled by Our Staff From Dispatches BETHUNE, France — A former government minister, Jacques Mellick, has come forward to try to help the chairman of the Marseille soccer team, Bernard Tapie, by supporting his side in the inquiry into alleged bribery by the club.



The New Orleans Saints' Vaughn Dunbar took the high road over the Philadelphia Eagles' front line for a touchdown in Tokyo.

Barcelona Gridiron: 49ers Down Steelers, 21-14

The Associated Press BARCELONA — Steve Young directed a touchdown drive on the game's first possession, helping the San Francisco 49ers to a 21-14 victory over the Pittsburgh Steelers in Sunday's American Bowl, witnessed by a crowd of 45,330 who turned out for the first National Football League game in Spain.

The Steelers tied the game at 4:37 of the final quarter when Mike Tomczak hit Tim Jordan with a 28-yard pass, ending a six-play, 69-yard drive.

Baker Fends Off Forsbrand to Win Scandinavian Golf

The Associated Press KUNGSBACKA, Sweden — Peter Baker of Britain beat Anders Forsbrand of Sweden with a par on the second playoff hole Sunday to win the Scandinavian Masters golf tournament.

Baker's victory, his fourth on the European Tour since turning pro in 1986, was worth \$150,000. It improved his chances of making Europe's Ryder Cup team that will play the United States on Sept. 24 to 26 in England.

NASDAQ NATIONAL MARKET

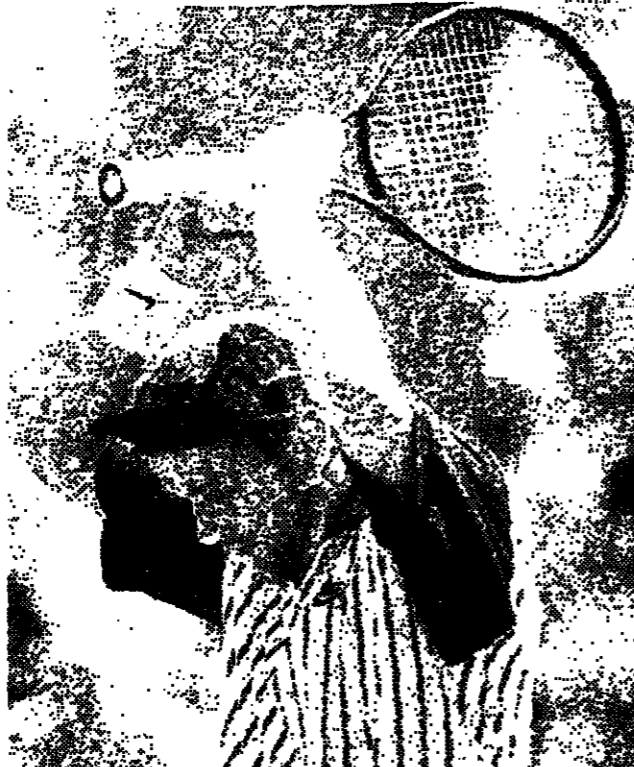
OTC Consolidated trading for week ended Friday, July 30. (Continued) Table with multiple columns for stock symbols, prices, and market data.

MONDAY SPORTS TENNIS

Pernfors Upsets Korda

The Associated Press

MONTREAL — Former top-15 ranked Mikael Pernfors ousted Petr Korda, 7-6 (7-4), 7-5, to reach the final of an ATP Tour event for the first time in nearly five years...



Mikael Pernfors has fought back from a 1991 ranking of 1,001.

The Swede did not drop a set in his first five matches, which included upsets of second-seeded Jim Courier and eighth-seeded Alexander Volkov.

Italy Dominates Channel Race

Compiled by Our Staff From Dispatches

COWES, England — Italy sailed to victory in two of three classes in the Channel Race to move into the overall lead in the Admiral's Cup yachting competition.

'Sorry About That'

The Associated Press

COWES, England — The husband of Queen Elizabeth II crashed his yacht into another vessel in a race on the opening day of the annual Cowes yachting regatta, organizers said.

SIDELINES

Springboks Win Australia Opener

SYDNEY (APF) — South Africa's Springboks bounced back from a nine-point deficit to claim a stunning 19-12 triumph over the world champion Wallabies in the first of a three-match series in Australia.

Questions Raised on Lewis Workouts

BOSTON (AP) — In the weeks before he collapsed and died, Reggie Lewis of the Boston Celtics was increasing the intensity of his workouts, according to two published reports.

Christie Skips 100-Meter in Cologne

COLOGNE (Combined Dispatches) — Linford Christie of Britain dropped out of the 100-meter race in Cologne on Sunday, feeling it would be an antidote after his victory over Carl Lewis in a race Friday.

For the Record

Khalid Sakh of Morocco set a world record Saturday in the two-mile run of 8 minutes, 12.17 seconds.

SCOREBOARD

Major League Standings (Through Saturday's Games) - Table with columns for team, wins, losses, percentage, and games behind.

NATIONAL LEAGUE - Table with columns for team, wins, losses, percentage, and games behind.

AMERICAN LEAGUE - Table with columns for team, wins, losses, percentage, and games behind.

INTERNATIONAL LEAGUES - Table with columns for team, wins, losses, percentage, and games behind.

SOCCER - Table with columns for team, goals, and other statistics.

GOLF - Table with columns for player, score, and other statistics.

BASEBALL - Table with columns for team, wins, losses, percentage, and games behind.

HOCKEY - Table with columns for team, wins, losses, percentage, and games behind.

FRIDAY'S LINE SCORES

Table with columns for team, wins, losses, percentage, and games behind.

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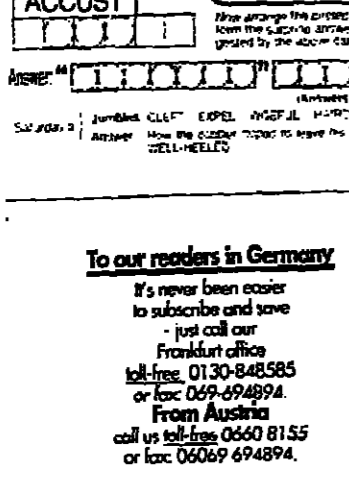
FRIDAY'S LINE SCORES

Table with columns for team, wins, losses, percentage, and games behind.

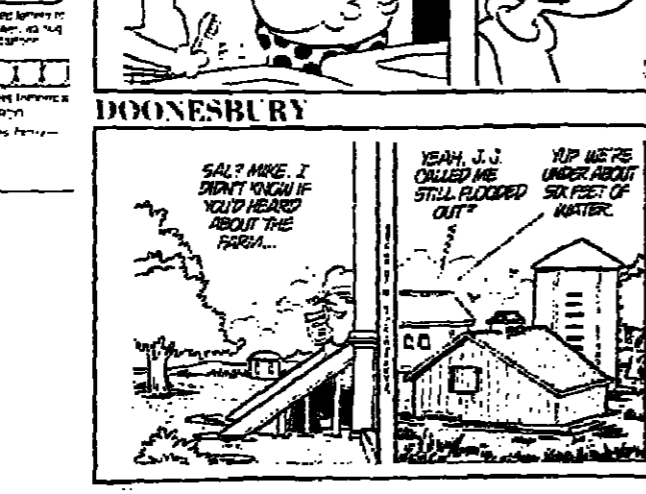
FRIDAY'S LINE SCORES

Table with columns for team, wins, losses, percentage, and games behind.

DENNIS THE MENACE



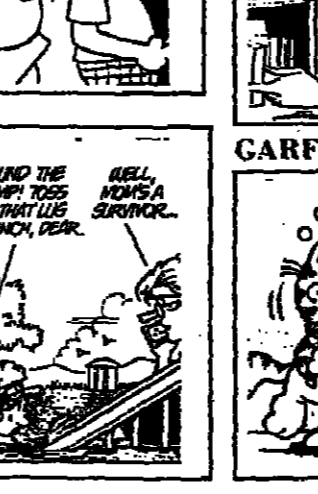
PEANUTS



BLONDIE



BEEBLE BAILEY



DOONESBURY



WIZARD OF ID



REX MORGAN



JUMBLE



CLUNE



OFFALL



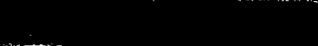
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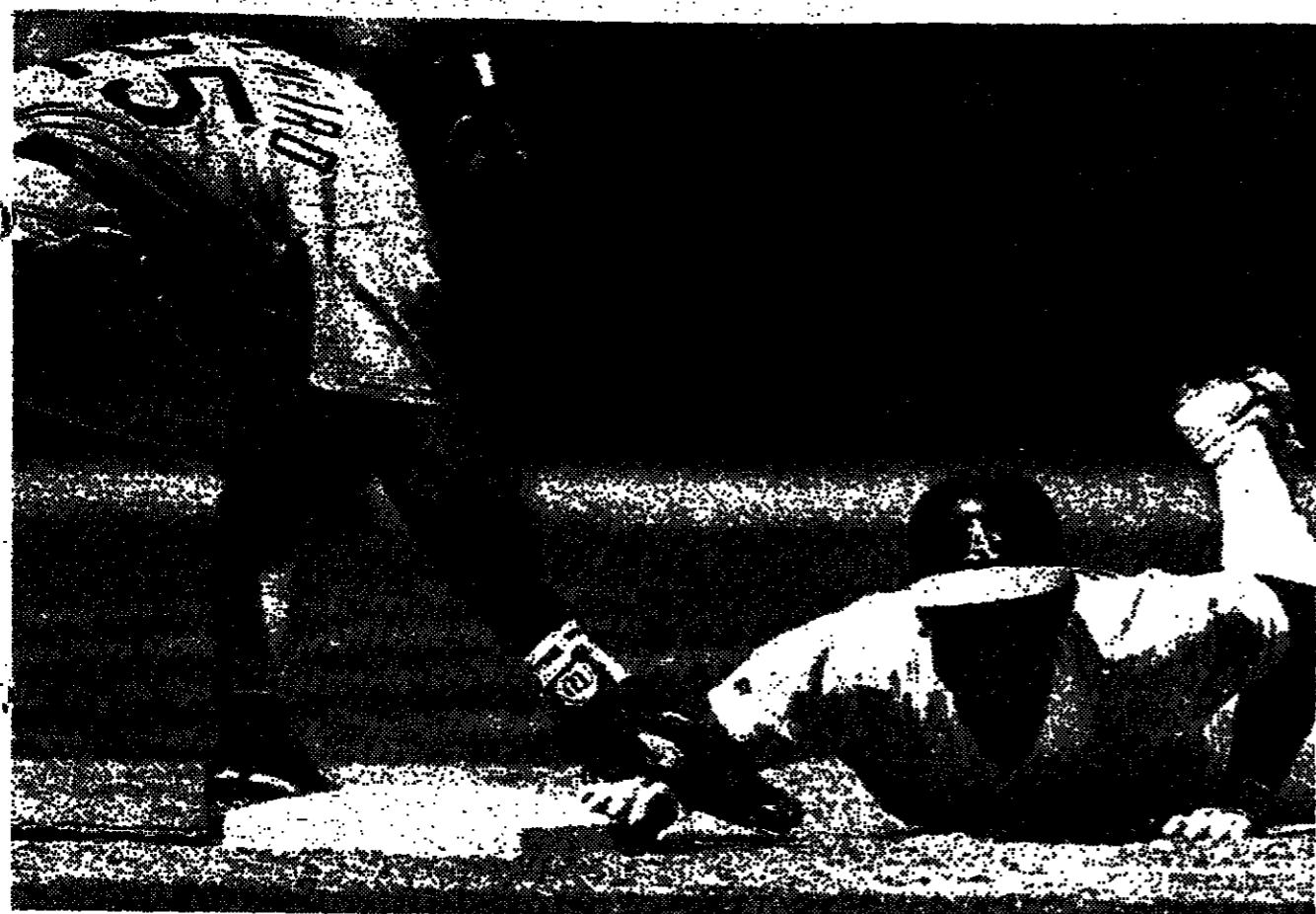
GARFIELD



GARFIELD



MONDAY SPORTS BASEBALL



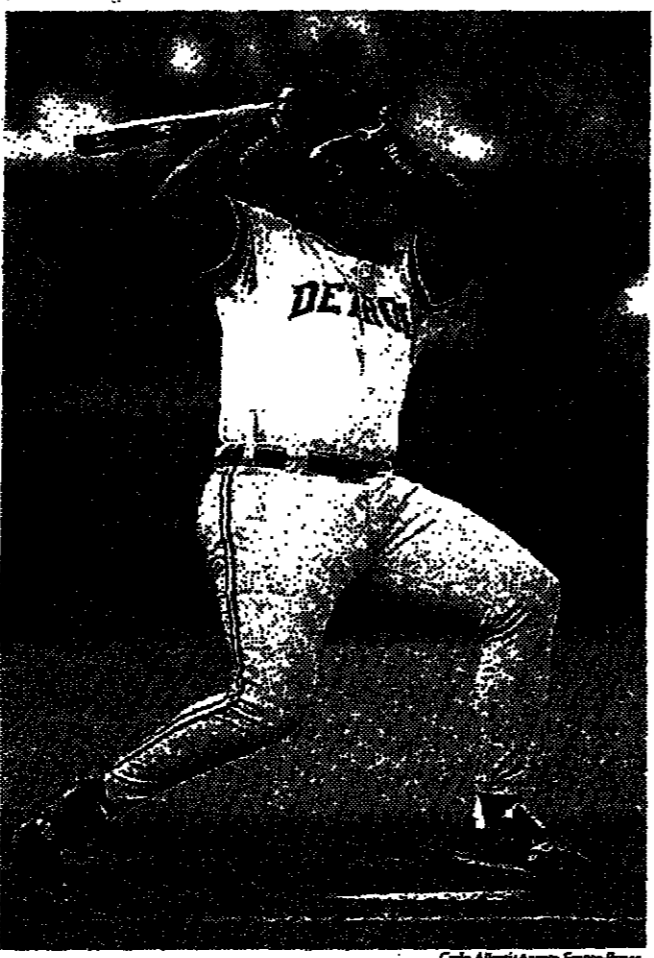
Winding down his stint with the Athletics, Blue Jays-bound Rickey Henderson just made it to first past the Rangers' Rafael Palmeiro.

A's Trade Henderson to Blue Jays

OAKLAND, California — Rickey Henderson, traded by the Oakland Athletics to Toronto, said he was looking forward to helping the Blue Jays win the American League East.

Smoltz Leads Braves to Sweep of Astros

John Smoltz pitched well and David Justice homered as the Atlanta Braves defeated the Houston Astros, 3-2, Sunday for their ninth victory in 10 games and a sweep of the weekend series.



The Tigers' Cecil Fielder escaped an inside pitch but not the Jays.

Blue Jays Stop Tigers With Single in 9th

Tony Fernandez's two-out single scored the winning run in the bottom of the ninth inning Sunday to give the Blue Jays a come-from-behind 2-1 win over the Detroit Tigers in Toronto.

Deal-less in Seattle As Deadline Passes

The Toronto Blue Jays got Rickey Henderson, the Chicago White Sox got Tim Lincecum and another team was stiffed when the major league trading deadline came and went without much happening.

NL ROUNDUP

Houston loaded the bases with none out in the seventh after Smoltz allowed just two hits in the first six innings. Jeff Bagwell beat out an infield hit and moved to second on Luis Gonzalez's single before Ken Caminiti's hit loaded the bases, Eric Anthony then hit a two-run single.

NL ROUNDUP

Roberto Alomar singled with one out in the ninth to chase Tigers starter Bill Guaiter. Paul Molitor greeted reliever Mike Henneman with a single to left, advancing Alomar to second.

Hall of Fame: They Stand Alone, and Together A 5-Man Lineup for NFL Jackson at Cooperstown

CANTON, Ohio — The five inductees into the Pro Football Hall of Fame had a bit riding on who would get the most emotional during their acceptance speeches.

JACKSONVILLE, Fla. — At the New York Yankees' recent old-timers game, Reggie Jackson stood with Joe DiMaggio and Mickey Mantle.

Ewing Kauffman, Royals' Owner, Dies

KANSAS CITY, Missouri — Ewing Kauffman, the self-made billionaire who founded and owned the Kansas City Royals, has died at 76, the team said Sunday.

Table with columns for ESCORTS & GUIDES and INTERNATIONAL CLASSIFIED, listing various travel services and agencies.

Herald Tribune advertisement: LIVING IN THE U.S.? NOW PRINTED IN NEW YORK FOR SAME DAY DELIVERY IN KEY CITIES TO SUBSCRIBE, CALL 1-800-882-2884

TO OUR READERS IN HOLLAND advertisement: The International Herald Tribune is now on newsstands throughout Holland every morning six days a week Monday-Saturday.

Jet Lag and the Time Clock Repairman

International Herald Tribune
PARIS—Ever since he was an intern in his native England some 20 years ago, working 36-hour shifts and making life and death decisions in a zombie-like state, Martin Moore-Ede has been interested in the circadian, or day-night, rhythms that govern the body's alertness and fatigue. Now an associate professor of physiology at Harvard Medical School, he is also the

MARY BLUME

director of the Institute for Circadian Physiology and CEO of Circadian Technology, a company with four divisions that include a consultancy for companies working on 24-hour schedules and a merchandising department offering products to help reset the biological time clocks of shift workers and travelers.

Having flown overnight from Boston to Paris, Moore-Ede was bright-eyed and alert thanks to one of his products, a personalized Circadian Travel Guide advising him when to seek or avoid bright light to hasten adjustment to the new time zone. He was also carrying a Jet Lag Combat Kit: a pair of very dark-lensed sunglasses and a white visor fitted with light bulbs.

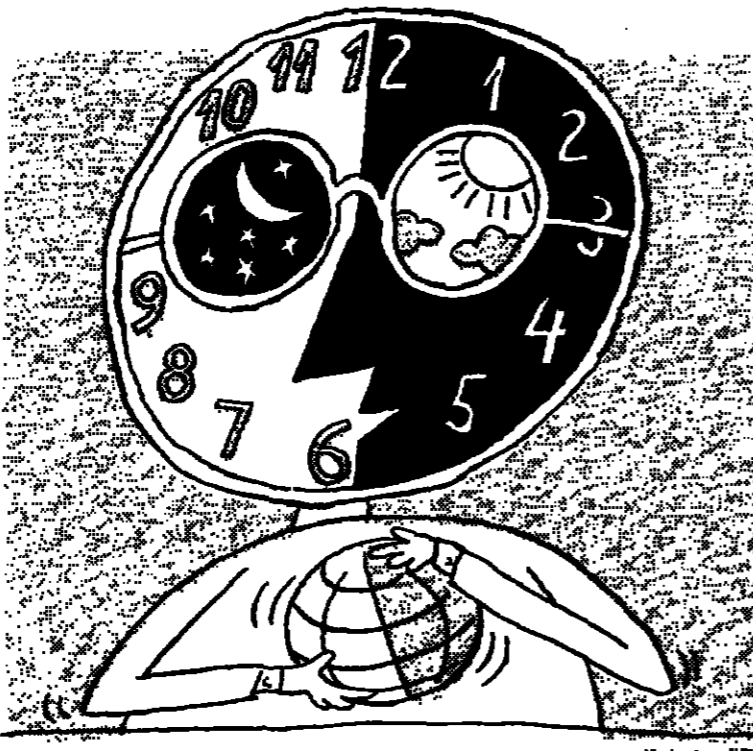
"When I got off the airplane I had to wear the dark glasses because the dosage of light would set me back to Hawaii time," he said. "But then I needed to be exposed to light mid-morning."

Where he is making the 12½-hour trip from Paris to Hong Kong today, arriving on Aug. 3 at 10 A.M. local time, he would avoid bright light on arrival and seek it from noon to 3 P.M. The following day he would avoid bright light from 2 A.M. until 8 A.M. and seek it between 8 A.M. and 2 P.M., donning his light visor if, say, flying to Taiwan during those hours.

Yes, he admits, other passengers are sometimes startled to see a traveler in the next seat illuminate himself. "But no more than when they saw the first laptops. This is the downside of anything new."

So far so good, but what happens to the executive who has forked out \$379 for his Jet Lag Combat Kit (also available at a rental basis at \$40 per round trip) and \$28 for his Circadian Trip Guide only to find out that his hotel room is not ready? Why, he stays in a Circadian Standard hotel where he can live in what Moore-Ede calls a time cocoon.

The room will be ready no matter what the arrival time and will have blackout curtains to keep out unwanted light. The maid will not knock on the door or play a radio in the hall, there will be a visor and glasses at hand, 24-hour room service and a fax so the traveler need not stumble out



by a junior person earning one-hundredth of a CEO's salary and whom the CEO has never met can bankrupt the company and deprive the CEO of a job."

Not surprisingly, some of America's biggest corporations and their CEOs are Moore-Ede's clients. He first became aware of the connection between circadian studies and industry when an article about his researches on the human biological time clock was picked up by a newspaper in Ogden, Utah, eliciting a query: "I have a hundred shift workers who cannot sleep, can you help?" Study revealed that the shift workers were in a weekly counter-clockwise schedule that was equivalent to spending a week in Utah, a week in Paris, and a week in Tokyo, in an endless jet-lag-inducing rotation.

Moore-Ede fixed up that one and many others. Schedules were reworked, temperature and noise patterns rearranged, lighting heightened. A Japanese company is even working on wafting stimulating aromas through specially designed ventilators.

Car accidents caused by sleepy workers going home, doctors who fall asleep while operating, oil refinery operators who doze off in front of their screens—Moore-Ede's conclusion is that the 24-hour society is, unless properly managed, a dangerous one. His darkest thoughts are reserved for airlines who put their crews on dangerously stressful schedules and from the passenger's point of view ignore the fact that day flights from the U.S. to Europe are far more beneficial (they won't eliminate jet lag but they do cut out the sleep deprivation that exacerbates it).

"Night flights are really for the convenience of airlines. I think much of the problem is that they don't want to admit to the existence of jet lag, they want to sell you on the concept of exotic travel to foreign places."

Yet, Moore-Ede says, from one half to two-thirds of passengers suffer from jet lag, including infants. The awful thing is that the people in the cockpit are having the same problems.

"One of the things we're looking at is the very real problem of pilots being drowsy on long trips. Going across the Pacific is a big problem, there have been a number of recent cases where aircraft have drifted off course. It happens more often than people realize, these stories abound. The best person to talk to is a retired captain whose job isn't at stake."

The details are grim enough to make one take the lightbulbs out of one's visor and throw the sunglasses into the airbag. But not to worry: Moore-Ede is working on special products and systems to enhance air crew alertness. The Circadian Cockpit is on its way, not a second too soon.

into a flock of tourists unshaven at noon or try to awaken the night porter at 3 A.M. There will be two clocks that he can see from the bed, one of which he can set to the time zone of choice.

"The mind-set of the hotel industry is that every traveler will immediately be on local time," Moore-Ede says. "The traveler who's on the typical pace of the international businessman, staying a day or two before going on to another place, doesn't want to adapt to the local time zone and yet hotels don't help."

The only European hotel with a circadian room is the Rembrandt in London. The Rembrandt's sole circadian room has been available since spring and manager Jürgen Sutherland considers it a good marketing device to attract the profitable business trade. "Ideally, any hotel prefers business people because they're not paying out of their own pockets," Sutherland said.

Circadian Standard hotels are basically franchise operations with hotels paying Moore-Ede's company a commission in return for publicity and recommendations to his corporate clients. So far only the Rembrandt and the Tudor in New York have signed up but Moore-Ede looks to a worldwide network of time cocoons.

Ultimately, Moore-Ede hopes that what he calls a business etiquette will be estab-

lished so that meetings are scheduled at times convenient to travelers rather than hosts. While he has developed methods for testing alertness in shift workers and airline pilots, he hasn't yet come up with appliances suited to a hotel room and suggests self-testing by reading a very boring company report or staring at the wall.

Moore-Ede estimates that the total world cost of accidents caused by human fatigue each year is \$80 billion. With round the clock communications and an increasing tendency to seven-day week nonstop factory schedules, the problems are getting even worse, he warns in his book, "The Twenty Four Hour Society" (published by Addison-Wesley), a hortatory volume that describes their air crash-cause by human error in its first two pages and notes that the major industrial accidents of recent years—Three Mile Island, Bhopal, Chernobyl and the Exxon Valdez—all occurred late at night when those with hands-on responsibility were dangerously fatigued.

There is no reason to assume, Moore-Ede argues, that a competent daytime worker will prove equally competent on a stressful night shift. Speaking of the Exxon Valdez disaster, which has so far cost the oil company \$3 billion, with more than \$50 billion in outstanding claims, he adds, "An error

LANGUAGE

Like, It's the Way It's Spoken

By Jack Rosenthal

NEW YORK—"No one cares about fussy things like 'like' anymore," my friend in advertising exclaimed, a bit touchily. I had challenged the grammar of a line she had written for a client: "Nobody knows, like Domino's, how you like pizza at home."

"Of course people care," I insisted, remembering how purists boiled up in anger over the aggressively colloquial 1954 commercial declaring that "Winston Tastes Good, Like a Cigarette should." But that was a generation of purists ago. My friend in advertising turned out to be right about modern language. The Domino's ad appeared on national television hundreds of times last winter and elicited no outrage, no controversy, not one complaint.

Why? In a time of ever-longer schooling, why does American English usage seem to be degenerating? Because we are seeing, right before our ears, the triumph of Spoken English over Written English. Indeed it is a triumph so complete that defending formal forms risks looking prissy.

For much of America's history, written English established the national norm. Letters, books, newspapers, periodicals, telegrams—these were the methods of general communication. And people did more than communicate with written language. They flaunted their verbal virtuosity with big words and starchy grammar. Spelling counted. To be caught in "incoherence" or "barbarism" was to look unlettered, uncouth.

Spoken language, on the other hand, has no spelling, and as for grammar, the principal rule is simple: "Does it sound right?" By phone and phonograph, the tongue tied soon passed, eventually reaching full flood with the advent of talkies, radio, tape and television.

"Like" is just one example. Casual spoken usage infects formal usage in many ways—like the split infinitive. English teachers can't credibly urge that it be used with discrimination, not when their students' Star Trekked cars discern no fault in "to boldly go where no one (originally 'no man') has gone before." English teachers find it ever harder to convey the subjunctive mood in a climate so casual that a

federal agency head tells a reporter: "It is not a 100 percent ideal situation. I wish it was."

The triumph of informal conversational tone of newspapers, Contractions, which they once didn't permit in headlines, have become commonplace. More and more, print journalists look to the oral tradition of storytelling, and debate among themselves if it's permissible to adapt quotations so they sound, in print, more "natural."

Misspelling is now a trivial offense, what with the increasing availability of computer spell-checkers; to decry them is as stuffy as objecting to the use of calculators for arithmetic. Today, the use of "like" wrongly does not connote ignorance or jeopardize a deal. Colloquial speech sells pizza. Sounds right? Feels good.

And yet there's a risk in unconditional surrender to the informality of spoken English. Everyone thinks out loud, impressionistically, but to base thought only on speech is to try nailing whippers to the wall. Writing, whether clear or clouded, freezes thought and offers it up for inspection. The triumph of oral forms and norms is welcome for its dynamism, but there's still plenty of reason to respect the rules. Language that sounds right can nonetheless steer us wrong.

Why do Americans abbreviate so much? A society organized from the AAA for roadside emergencies to the ZPG movement for Zero Population Growth, shorthand is an obvious reason. Another, not-so-obvious reason is coming into play—insiderism.

People have always employed special languages, or codes, for communication for intimates, with special names for one another, words that have private significance, deep looks, little sighs, writes the linguist Robin Lakoff in her book "Talking Power." Thus, anxious mothers have long whispered "FHB"—family hold back—lest there be enough shrimp salad to serve all the guests.

"OTT," a theatergoer may say to his wife, to show he is grossed out by stage business he thinks is over the top. But lately, this form of code has become more public and more per-

vasive. Magazines have sought to convey themselves as instruments of elite cliques by changing from names to initials. Women's Wear Daily spawned W in 1973. House and Garden, which published its final issue in July, was known as HG during its last six years. TNR is what insiders call The New Republic.

Fast-food restaurants also prize the insider cachet conferred by code. "Mickey D" is the name that boys in the hood gave McDonald's. "KFC" is the abbreviated nickname that Kentucky Fried Chicken finally adopted formally.

More recently, code abbreviations have appeared with increasing frequency in pop culture. Only squares need coughing to know that the name of the rap group NWA stands for "Niggas With Attitude." The pre-teenager in the movie "Sleepless in Seattle" dismisses her boyfriend's father with an arcane "H and G," for "Hi and goodbye."

"OPP, yeah, you know me," chants the rapper, leaving clueless listeners free to believe he means "other people's property," when sophisticated know he has a sexual reference in mind. TFS—thanks for sharing—derives from the closing line of Narcotics Anonymous and other recovery-movement meetings. Now it's heard in casual, even sarcastic comment on, for instance, flatulence in the family station wagon.

The electronic conferences conducted on computer networks provide another fertile source of cool code. Participants seem to favor initials both for efficiency and hip snobbery. They might type "LOL," laughing out loud, or even "ROTF," rolling on the floor. For strong distaste, the abbreviation of choice might be "SMTOE," sets my teeth on edge. Or, to show withering contempt for a beginner, one might write "RTM"—read the manual. Heated sentiment, cool code.

Jack Rosenthal, editor of The New York Times Magazine, has pinch-hit for William Safire for the past 12 summers.

INTERNATIONAL CLASSIFIED
Appears on Page 4

WEATHER

Table with weather data for Europe, including High, Low, and Wind for various cities like London, Paris, and Rome.

Forecast for Tuesday through Thursday, as provided by Accu-Weather.

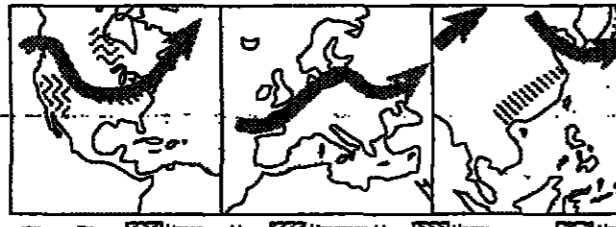


Table with weather data for North America, Middle East, and Latin America, including High, Low, and Wind for various cities.

Table with weather data for Asia and Africa, including High, Low, and Wind for various cities like Tokyo, London, and Cairo.

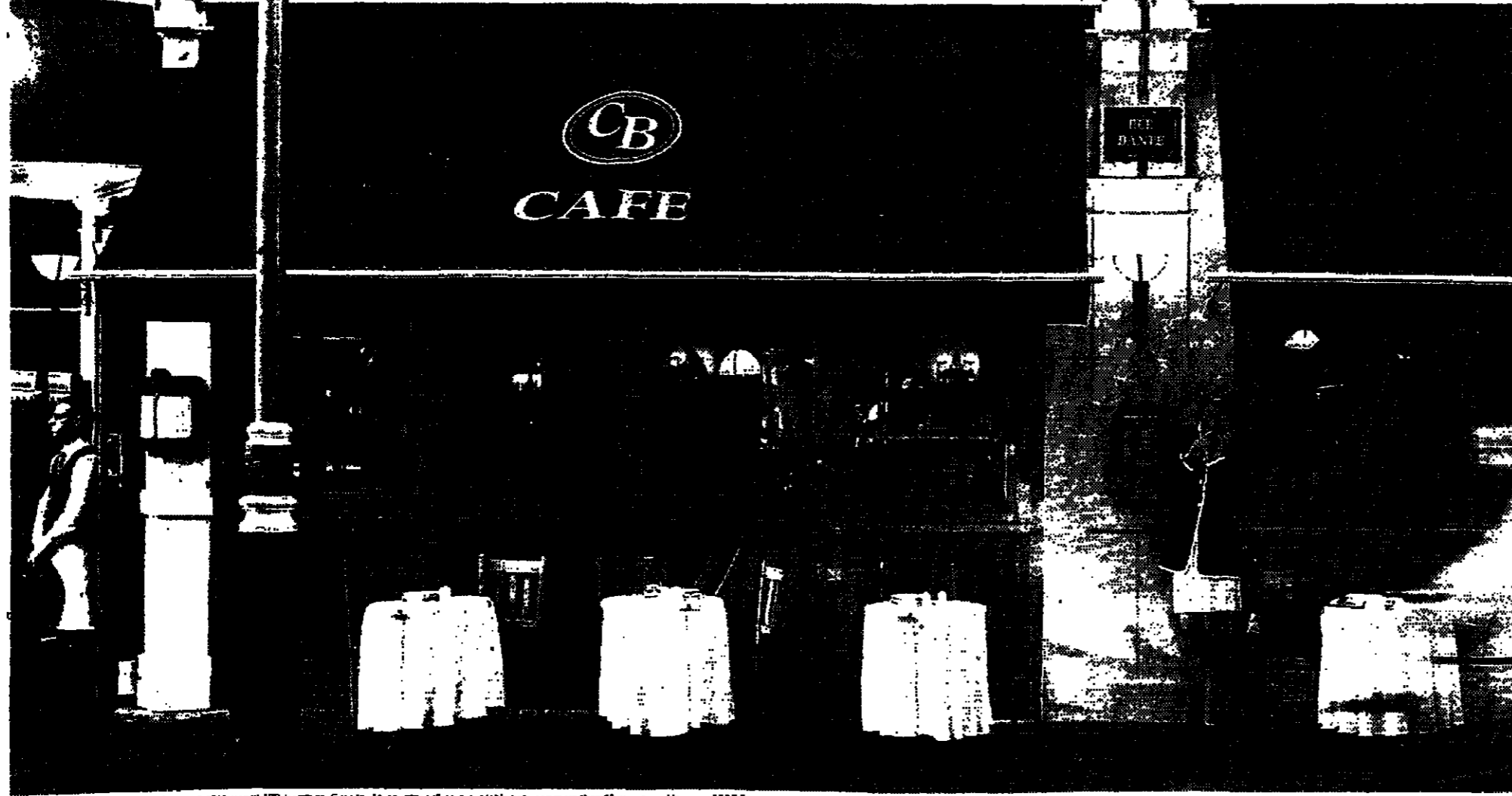
CROSSWORD puzzle grid and clues. Includes 'ACROSS' and 'DOWN' sections with numbered clues.

Solution to Puzzle of July 30. A crossword puzzle grid with the completed words filled in.

CROSSWORD puzzle grid and clues. Includes 'ACROSS' and 'DOWN' sections with numbered clues.

CROSSWORD puzzle grid and clues. Includes 'ACROSS' and 'DOWN' sections with numbered clues.

If you're going to travel all over the map, here's how to call from almost any point on it.



AT&T Access Numbers table listing international access numbers for various countries like ANDORRA, ARGENTINA, AUSTRALIA, etc.

AT&T puts the world at your fingertips. Just dial the AT&T access number of the country you're calling from for quick, clear connections back to the U.S. and lots of other countries. International calling made simple is all part of The J Plan from AT&T.



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